CITY OF RICHLAND HILLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2020

CITY OF RICHLAND HILLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2020

Prepared by the Finance Department

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CITY OF RICHLAND HILLS, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

	Exhibit Number	Page Number
INTRODUCTORY SECTION		
Letter of transmittal		i - iii
GFOA Certificate of Achievement		iv
List of Principal Officials		v
Organizational Chart		vi
FINANCIAL SECTION		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 15
Basic Financial Statements:		
Government-wide Financial Statements		
Statement of Net Position	A-1	16
Statement of Activities	B-1	17 - 18
Fund Financial Statements		
Balance Sheet - Governmental Funds	C-1	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-2	20
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	C-3	21
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	C-4	22
Statement of Net Position - Proprietary Funds	D-1	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	D-2	24
Statement of Cash Flows - Proprietary Funds	D-3	25
Notes to the Financial Statements		26 - 52
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	E-1	53
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Crime Control District	E-2	54
Schedule of Changes in Net Pension Liability and Related Ratios	E-3	55
Schedule of Contributions	E-4	56
Schedule of Changes in OPEB Liability and Related Ratios	E-5	57
Notes to Required Supplementary Information		58-59

CITY OF RICHLAND HILLS, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

	Exhibit Number	Page Number
Combining and Individual Fund Statements and Schedules		
Nonmajor Governmental Funds - Combining Balance Sheet	F-1	60- 61
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balance	F-2	62 - 63
Court Building Security Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-1	64
Richland Hills Development Corporation Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-2	65
Court Technology Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-3	66
Hotel Occupancy Tax Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-4	67
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-5	68
Road and Street Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-6	69
Oil & Gas Lease Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-7	70
Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-8	71

	Table Number	Page Number
STATISTICAL SECTION (UNAUDITED)		
Financial Trends		
Net Position by Component	1	72
Changes in Net Position	2	73-74
Fund Balances - Governmental Funds	3	75-76
Changes in Fund Balances - Governmental Funds	4	77-78
Revenue Capacity		
Governmental Funds - Tax Revenue by Source	5	79
Assessed and Estimated Actual Value of Taxable Property	6	80
Direct and Overlapping Property Tax Rates	7	81
Principal Property Taxpayers	8	82
Property Tax Levies and Collectors	9	83
Sales Tax Collections by Fund	10	84
Debt Capacity		
Ratios of Total Outstanding Debt by Type	11	85-86
Ratios of General Bonded Debt Per Assessed Value and Per Capita	12	87
General Bonded Debt as a Ratio of Annual Governmental Expenditures	13	88
Direct and Overlapping Governmental Activities Debt	14	89
Computation of Legal Debt Margin	15	90

	Table Number	Page Number

CITY OF RICHLAND HILLS, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

Demographic and Economic Information		
Demographic and Economic Statistics	16	91
Principal Employers	17	92
Operating Information		
Operating Indicators by Function/Program	18	93
Capital Assets Statistics by Function/Program	19	94
Full-time Equivalent City Government Employees	20	95

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	96-97

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INTRODUCTORY SECTION

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CITY OF RICHLAND HILLS, TEXAS

(817) 616-3800 • 3200 DIANA DRIVE • RICHLAND HILLS, TEXAS 76118

February 13, 2021

The Honorable Mayor, Members of the City Council,
and Citizens of Richland Hills (the "City")

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Richland Hills, Texas, for the fiscal year ended September 30, 2020. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

THE REPORTING ENTITY

The City of Richland Hills is a political subdivision of the State, incorporated as a municipal corporation in 1950. The City operates under the laws of the State and the City's home rule charter, approved by the citizens in 1985 as a council-manager form of government. Policy-making and legislative authority are vested in a governing city council consisting of the mayor and five other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's city manager. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Council members serve two-year staggered terms with three council members elected in odd-numbered years and the mayor and two council members elected in even-numbered years. The mayor and council members are elected from the comm2624551/8227538
unity at large. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. The City of Richland Hills voters approved a one percent local sales and use tax at an election held on December 5, 1967.

The City provides a full range of municipal services that include police and fire protection, emergency medical services, animal control services, municipal court, construction and maintenance of streets and drainage infrastructure, planning and zoning, economic development, code enforcement, library services, parks and recreational activities and cultural events, and general administrative services. Water and wastewater services and sanitation services are provided as an operation of the City and therefore have been included as an integral part of the City's financial statements. The Richland Hills Development Corporation (a Type B Economic Development Corporation) and Richland Hills Crime Control and Prevention District are legally separate entities but are in substance part of the government's operation and are included in the CAFR.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

Richland Hills is situated Northeast Tarrant County in the middle of the Dallas / Fort Worth Metroplex, the major metropolitan area in the north central part of the state, and is approximately 7 miles from downtown Fort Worth, 30 miles from downtown Dallas, and approximately 15 miles from DFW International Airport. Richland Hills is served by three state-numbered highways, SH 121, SH 26, and SH 10 (Baker Blvd. in Richland Hills), as well as the Trinity Railway Express (TRE), a commuter rail line between Fort Worth and Dallas operated jointly by Dallas Area Rapid Transit (DART) and the Fort Worth Transit Authority (The T). The Richland Hills occupies a land area of 3.9 square miles, is approximately 98% developed, and serves an estimated population of 7,920.

As it is widely recognized, revenue sources for municipalities are primarily driven from ad-valorem (property), sales and use taxes. In 2020, Richland Hill's experienced a 5.8% increase in net assessed taxable value due to an increase in residential and commercial property valuation and an upward trend in economic recovery. The property tax base remains diverse with the top ten taxpayers accounting for 13.4% of the total assessed value. In the General Fund, property tax revenues accounted for 31.9% and sales tax accounted for 40.9% of total revenues.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP) for local governments, as prescribed by the Governmental Accounting Standards Board (GASB) and other recognized professional standards. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that assets are safeguarded and that the financial statements will be free from material misstatement.

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Under this method of accounting, expenditures are recognized when the services or goods are received and the liability is incurred. Revenues are recognized when measurable and available. Accounting records for the proprietary funds are maintained on the accrual basis.

The annual budget serves as the foundation for the City's financial planning and control. All City departments are required to submit requests for appropriation to the city manager by April of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the Council for review by at least 60 days prior to October 1. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The city manager is authorized to transfer budgeted amounts between line items within any fund. Any revisions that alter the total expenditures of any fund require special approval of the Council.

RELEVANT FINANCIAL POLICIES

The Financial Policies enable the City to achieve a long-term stable and positive financial condition. Annual estimates of revenue in both the General Fund and Proprietary Funds are based on historical trends and reasonable expectation of growth. A conservative approach is observed in estimating revenues, so that revenue estimates will not be overstated. In order to protect from fluctuations in revenue sources due to fluctuations in the economy and variations in weather, a diversified revenue system is also maintained. In addition, it is also the City's policy that one-time, or non-recurring revenues, will not be used to finance current ongoing operations. Non-recurring revenues are used only for one-time expenditures such as capital needs. Every fiscal year, each possible program addition or service level change is analyzed in

terms of its potential financial impact as part of the budget package decision making process. This process enables the City to make assumptions about future debt and operational funds capacity. The City has also identified projects based on their critical nature and the timeliness of available financing for these projects. The City Council continued its strategic planning process to identify goals and objectives for long range planning. Directives from the City Council are utilized to help guide the budget planning and service and program implementation.

INDEPENDENT AUDIT

The Richland Hills City Charter requires an annual audit by an independent certified public accountant. George, Morgan & Sneed P.C., a firm of licensed certified public accountants, was selected by the City Council to audit the City's financial statements. The audit report will be available for public inspection and the original copy will be kept as a permanent record of the City.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in Financial Reporting to the City of Richland Hills for its comprehensive annual financial report for the fiscal year ended September 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The City of Richland Hills has received the Certificate of Achievement for the past fifteen years.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the cooperation of City employees throughout the organization. Sincere appreciation is also expressed to the Mayor and City Council for their continued interest and support in the conduct of the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Terry Leake

Terry Leake, CGFO
Interim Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richland Hills
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

CITY OF RICHLAND HILLS, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

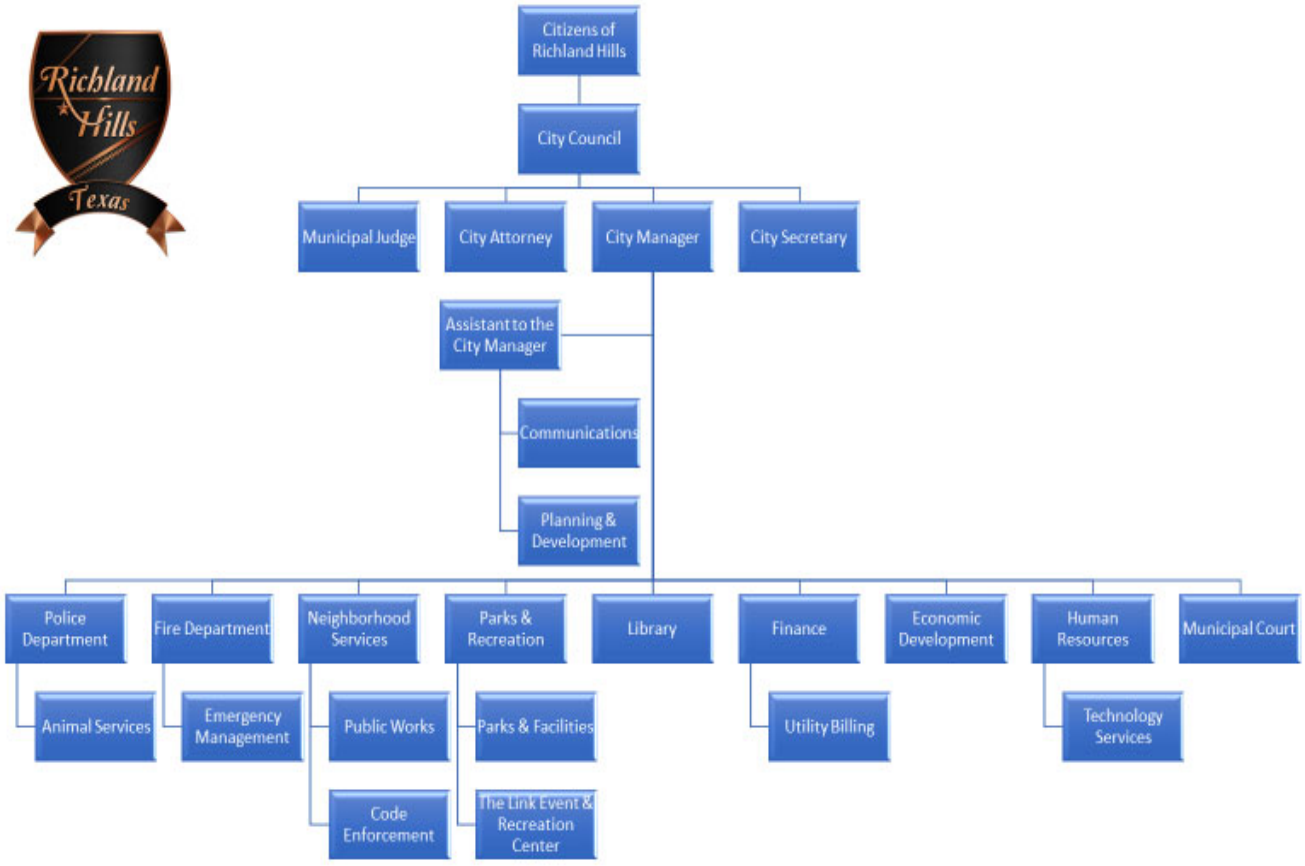
CITY COUNCIL

Edward Lopez, Mayor
Douglas Knowlton, Place 1
Allison Barger, Mayor Pro Tem, Place 2
Curtis Bergthold, Place 3
Roland Goveas, Place 4
Athena Campbell, Place 5

CITY STAFF

Candice Edmondson, City Manager
Cathy Bourg, City Secretary
Terry Leake, Interim Finance Director
Kimberly Sylvester, Chief of Police
Russell Shelley, Fire Chief
Scott Mitchell, Director of Neighborhood Services
Chantele Hancock, Library Director
Jason Brown, Parks & Recreation Director

City of Richland Hills Organization Chart



FINANCIAL SECTION

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GMS CERTIFIED PUBLIC ACCOUNTANTS
GEORGE | MORGAN | SNEED

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Richland Hills, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Richland Hills, Texas, (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

George, Morgan & Sneed, P.C.
1849 Wall Street | Weatherford, TX 76086 | *Phone* 817.594.2704 | *Fax* 817.599.7389
www.gms-cpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-15 and budgetary comparison information, schedule of changes in net pension liability, schedule of contributions, and schedule of changes in OPEB liability and related ratios on pages 53-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

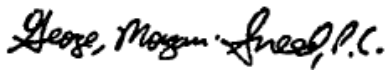
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor funds financial statements, budgetary schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, budgetary schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2021, on our consideration of the City Richland Hills, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



George, Morgan & Sneed, P.C.
Weatherford, Texas
February 13, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Richland Hills, Texas, we offer readers of The City of Richland Hills' financial statements this narrative overview and analysis of the financial activities of the City of Richland Hills for the year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Richland Hills exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $30,899,627 (*net position*) compared to $27,549,154 for the prior year. Of this amount, $5,604,548 (*unrestricted net position)* may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $3,350,473. The City's governmental activities net position increased by $2,318,126 and the business-type activities net position increased $1,032,347.

- As of the close of the current year, the City of Richland Hills's governmental funds reported combined ending fund balances of $14,499,893 compared to $12,732,839 for the prior year. $3,912,570 is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current year, unassigned fund balance for the general fund was $3,912,570, or 52% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Richland Hills's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fees).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, parks and beautification, community development and economic development. The business-type activities of the City include water and sewer and drainage utility.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Crime Control District special revenue fund, and 2019 general obligation bonds capital projects fund which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary funds. The City maintains one type of proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and drainage utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and drainage utility fund.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on Exhibits E-1 and E-5 of this report.

The combining and individual nonmajor governmental funds statements and schedules are presented immediately following the required supplementary information. These statements can be found on Exhibits F-1 through G-8 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $30,899,627 as of September 30, 2020.

The largest portion of the City's net position (68%) reflects its investment in capital assets (e.g. land, improvements other than buildings, buildings, machinery and equipment, streets and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $5,604,548 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate governmental activities and business-type activities.

Below are summaries of the City's Statement of Net Position and Statement of Activities.

Condensed Statement of Net Position

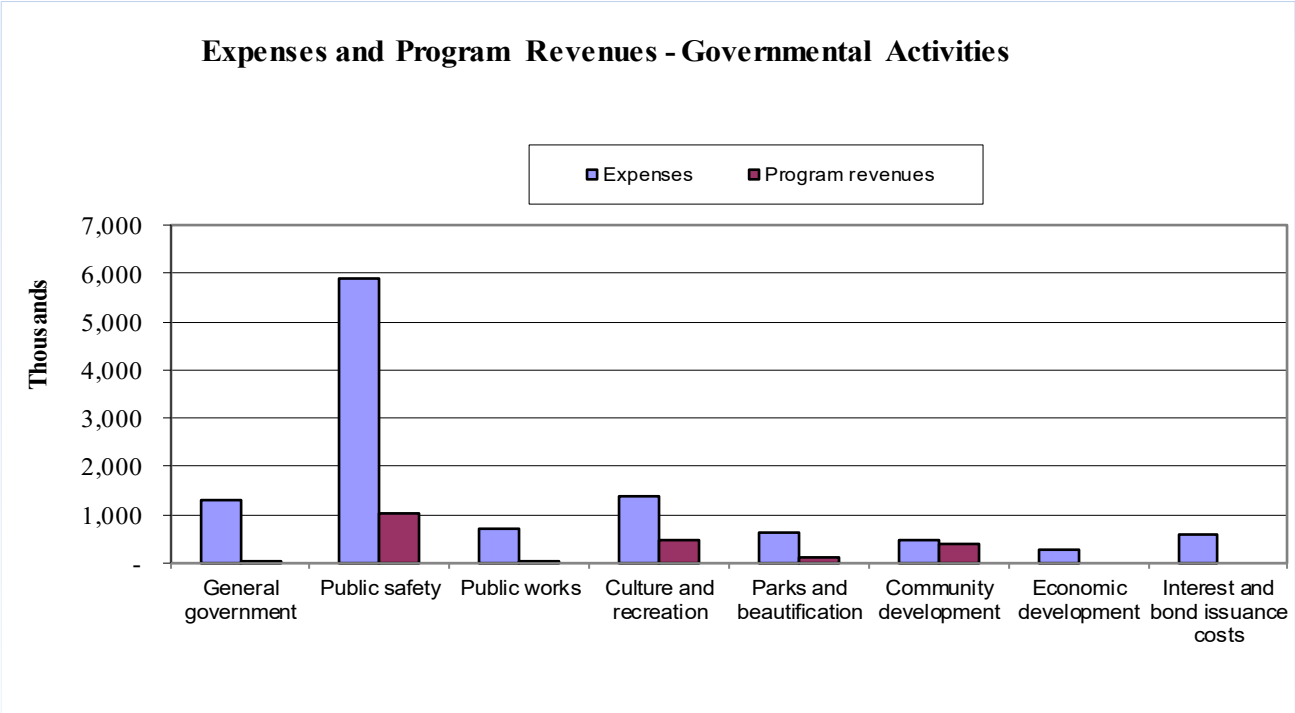
	Governmental Activities		Business-type Activities		Total	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Current and other assets	$ 16,598,175	$ 14,655,430	$ 3,579,305	$ 2,894,627	$ 20,177,480	$ 17,550,057
Capital assets	24,319,847	23,654,779	19,087,686	19,522,286	43,407,533	43,177,065
Total Assets	40,918,022	38,310,209	22,666,991	22,416,913	63,585,013	60,727,122
Deferred outflows of resources	620,882	1,852,797	113,436	301,777	734,318	2,154,574
Total deferred outflows	620,882	1,852,797	113,436	301,777	734,318	2,154,574
Current liabilities	1,100,293	928,990	351,437	386,051	1,451,730	1,315,041
Long-term liabilities	22,678,272	24,563,071	8,326,914	9,362,718	31,005,186	33,925,789
Total liabilities	23,778,565	25,492,061	8,678,351	9,748,769	32,456,916	35,240,830
Deferred inflows of resources	852,042	80,774	110,746	10,938	962,788	91,712
Total deferred inflows	852,042	80,774	110,746	10,938	962,788	91,712
Net Position:						
Net investment in capital assets	9,928,481	9,925,810	11,062,511	10,728,810	20,990,992	20,654,620
Restricted	4,304,087	2,946,115	-	-	4,304,087	2,946,115
Unrestricted	2,675,729	1,718,246	2,928,819	2,230,173	5,604,548	3,948,419
Total Net Position	$ 16,908,297	$ 14,590,171	$ 13,991,330	$ 12,958,983	$ 30,899,627	$ 27,549,154

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Revenues:						
Program revenues:						
Charges for services	$ 1,509,317	$ 1,711,007	$ 5,167,724	$ 5,142,527	$ 6,677,041	$ 6,853,534
Operating grants and contributions	368,625	29,361	-	-	368,625	29,361
Capital grants and contributions	118,210	205,260	-	145,000	118,210	350,260
General revenues:						
Property taxes	3,707,148	3,199,055	-	-	3,707,148	3,199,055
Sales taxes	6,906,449	5,851,598	-	-	6,906,449	5,851,598
Franchise taxes	547,312	650,388	-	-	547,312	650,388
Hotel Occupancy taxes	85,603	200,577	-	-	85,603	200,577
Investment earnings	73,895	46,896	12,708	27,939	86,603	74,835
Miscellaneous revenue	226,387	215,128	-	-	226,387	215,128
Total revenues	13,542,946	12,109,270	5,180,432	5,315,466	18,723,378	17,424,736
Expenses						
General government	1,305,958	1,802,970	-	-	1,305,958	1,802,970
Public safety	5,895,176	6,030,013	-	-	5,895,176	6,030,013
Public works	690,123	929,775	-	-	690,123	929,775
Culture and recreation	1,362,787	1,585,385	-	-	1,362,787	1,585,385
Parks and beautification	644,340	660,430	-	-	644,340	660,430
Community development	472,435	282,211	-	-	472,435	282,211
Economic development	268,713	202,730	-	-	268,713	202,730
Interest and fiscal agent charges	585,288	447,445	-	-	585,288	447,445
Bond issuance costs	-	203,390	-	-	-	203,390
Water and sewer	-	-	3,563,124	4,163,091	3,563,124	4,163,091
Drainage Utility	-	-	584,961	663,439	584,961	663,439
Total expenses	11,224,820	12,144,349	4,148,085	4,826,530	15,372,905	16,970,879
Increase (decrease) in net position before transfers	2,318,126	(35,079)	1,032,347	488,936	3,350,473	453,857
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	2,318,126	(35,079)	1,032,347	488,936	3,350,473	453,857
Net Position October 1	14,590,171	14,625,250	12,958,983	12,470,047	27,549,154	27,095,297
Net Position September 30	$ 16,908,297	$ 14,590,171	$ 13,991,330	$ 12,958,983	$ 30,899,627	$ 27,549,154

Governmental Activities. Governmental activities increased the City's net position by $2,318,126 in the current year compared with a $35,079 decrease in the prior year. Total governmental activities revenues increased $1,433,676 (12%) to $13,542,946. Property taxes increased $508,093 due to a $76.7 million increase in assessed property values. Property tax rates increased $.016671. Sales tax increased $1,054,851 primarily because the City began collecting an additional 1/2 cent sales tax in April 2019. Total governmental activities expenses decreased $919,529 from the prior year. Expenses decreased primarily for the following reasons: legal and consulting, building maintenance, red light camera fees, street maintenance and the closing of offices due to Covid-19.

Below are two graphs summarizing governmental activities revenue and expense:



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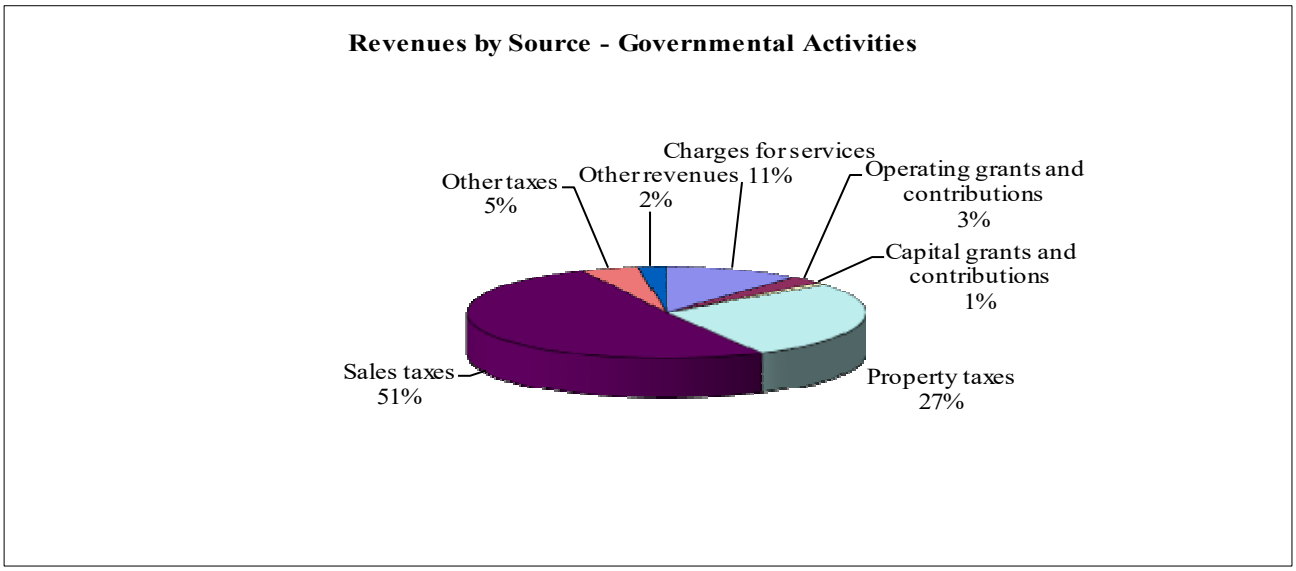
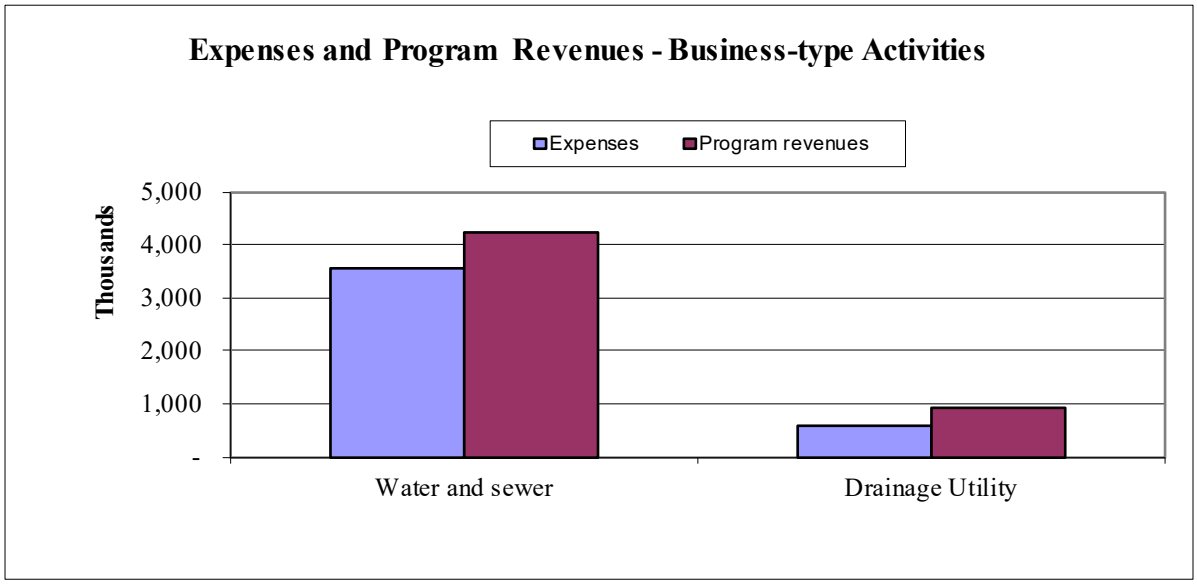

Revenues by Source - Governmental Activities
Other taxes 5%
Other revenues 2%
Charges for services 11%
Operating grants and contributions 3%
Capital grants and contributions 1%
Sales taxes 51%
Property taxes 27%

Business-type activities. Business-type activities increased the City's net position by $1,032,347 in the current year compared to an increase in net position of $488,936 in the prior year. The business-type activities total revenues decreased $135,033 (3%) to $5,180,433. Capital grants and contributions decreased $145,000 because of the CDBG grant in the previous year for sewer improvements. Total expenses decreased $678,445 (16%) to $4,148,085. Repairs and maintenance costs decreased $211,258, sewer treatment decreased $145,776, and other expenses decreased $83,493.

Below are two graphs summarizing business-type activities revenue and expense:



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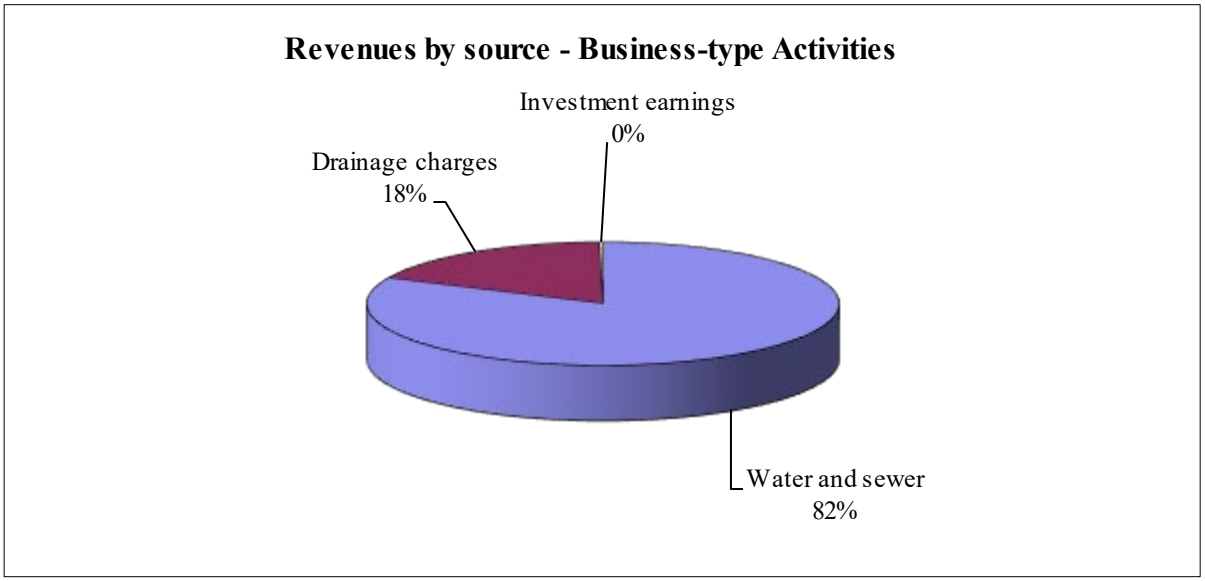


Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At year end, the City's governmental funds reported combined ending fund balances of $14,499,893. $3,912,570 (27%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted and assigned to indicate that it is not available for new spending because it has already been committed for projects and debt service.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $3,912,570. Fund balance of the general fund increased $1,096,882 compared to an increase of $10,409 in the prior year. Key factors in this decrease are as follow:

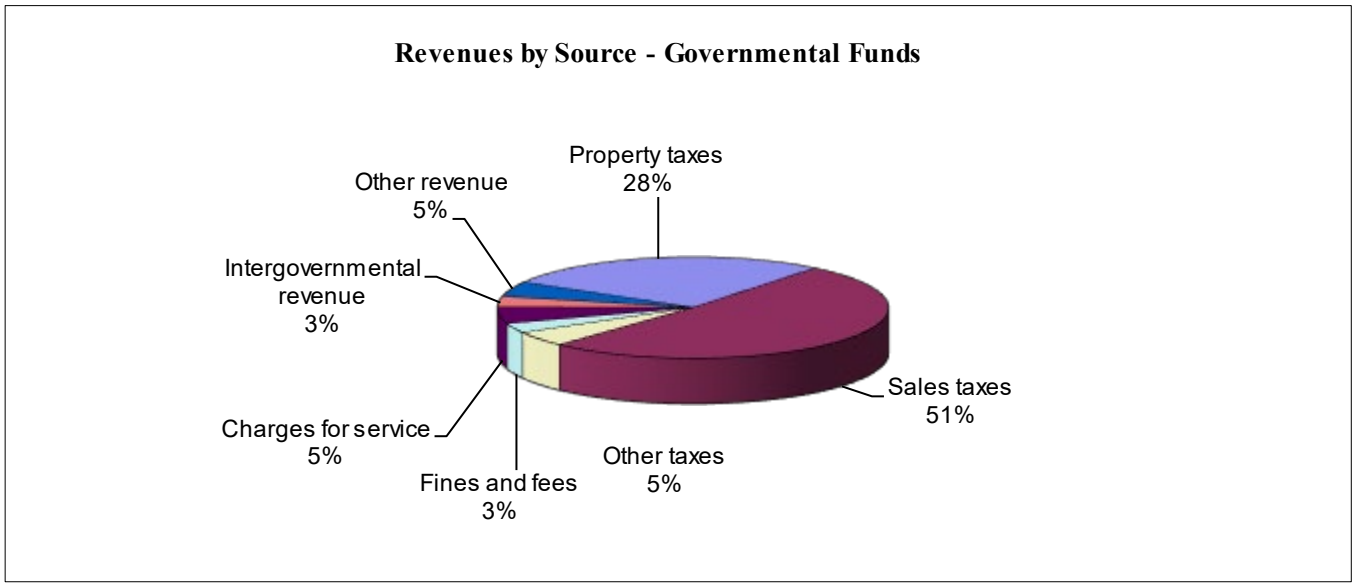
- Revenues increased $205,804 (3%). General fund property taxes increased $63,117 because assessed property tax values increased. General fund property tax rates decrease $.032704 per $100 assessed value. Licenses and permits increased $214,273.

- Expenditures increased $109,737 (1%). Capital outlay increased by $719,733 due to new capital leases for a fire truck and an Opticom system.

The Crime Control and Prevention District is funded with a .375% sales tax. Sales tax revenue of the Crime Control and Prevention District was $1,302,122 and funded police expenditures of $1,276,291 during the current year. Fund balance at year-end is $377,581.

The 2019 general obligation bonds capital projects fund accounts for bond proceeds issued for the purpose of constructing and equipping a new fire station. Fund balance at year-end is $5,302,015.

Below are two graphs summarizing governmental fund revenue and expenditures.



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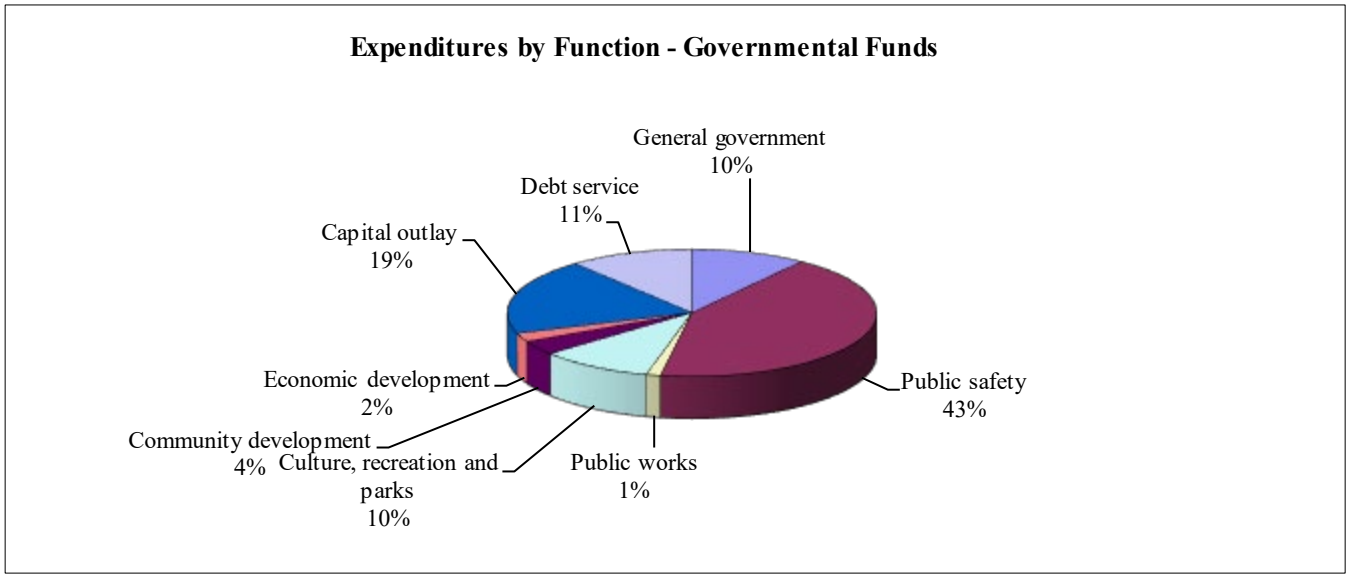

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund and Drainage Utility Fund at the end of the year were $2,356,497 and $572,322 respectively. The Water and Sewer Fund and Drainage Utility Fund net position increased $687,786 and $344,561 respectively. Factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City amended its budget during the year. Revenues were increased $384,750 to reflect an increase in permit revenue. Expenditures were increased $867,733 primarily for assets purchased with capital leases. During the year, actual revenues were $262,818 greater than budgeted because property values increased and sales tax increased. Actual expenditures were $780,547 less than budgeted with salaries accounting for most of the variance.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to $43,407,533, (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, improvements other than buildings, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Opticom System $112,733
- Fire Truck 607,000
- Engineering park trail 96,253
- Fire station design and construction 254,307
- Street reconstruction Landy Ln, Lavon Dr and Midway Rd 442,558

Business-type activities:

- Water main replacement Lavon Dr $110,769
- Water line replacement Henry Dr 102,079

The City of Richland Hills's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Land	$ 830,414	$ 830,414	$ 256,267	$ 256,267	$ 1,086,681	$ 1,086,681
Construction in progress	1,679,343	1,118,620	-	-	1,679,343	1,118,620
Buildings	10,691,005	11,171,120	45,506	1,379	10,736,511	11,172,499
Improvements	2,281,276	2,356,374	6,433,007	6,632,122	8,714,283	8,988,496
Water and sewer systems	-	-	12,253,616	12,520,875	12,253,616	12,520,875
Machinery and equipment	2,276,196	1,909,622	99,290	111,643	2,375,486	2,021,265
Infrastructure	6,561,613	6,268,629	-	-	6,561,613	6,268,629
Total	$ 24,319,847	$ 23,654,779	$ 19,087,686	$ 19,522,286	$ 43,407,533	$ 43,177,065

Additional information on the City's capital assets can be found in note 1.D.6 and note 7 to the financial statements.

Long-Term Debt

At year-end the City had $27,135,099 in long-term debt outstanding. $14,940,000 are general obligation bonds backed by the full faith and credit of the City and $10,900,000 are certificates of obligation secured by a combination of tax and revenue. The City's outstanding tax supported debt is rated "AA" by Standard & Poor's Ratings Services.

City of Richland Hills's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Certificates of Obligation	$ 4,050,000	$ 4,230,000	$ 6,850,000	$ 7,405,000	$ 10,900,000	$ 11,635,000
General Obligation	14,077,250	14,388,500	862,750	1,011,500	14,940,000	15,400,000
Tax Notes	590,000	680,000	-	-	590,000	680,000
Capital Leases Payable	702,332	95,403	-	71,725	702,332	167,128
Total	$ 19,419,582	$ 19,393,903	$ 7,712,750	$ 8,488,225	$ 27,132,332	$ 27,882,128

More detailed information about the City's debt is presented in note 8 to the Financial Statements.

Economic factors and the Next Year's Budgets and Rates

The City's tax year 2020 (fiscal year 2021) total taxable value, as provided by the Tarrant Appraisal District is $651,935,836, an increase of 0.01% over 2019 tax year (fiscal year 2020) total taxable value of $651,881,712. The property tax rate in the fiscal year 2021 adopted budget is $0.558551, which is the same total tax rate as fiscal year 2020. The maintenance and operations rate is $0.413294 and the debt rate is $0.1405257. The estimated property tax revenue for fiscal year 2021 is $2,582,586, which is a decrease of $10,330 or 0.4% from the projected tax revenues for fiscal year 2020 due to a lower anticipated tax collection percentage.

In the General Fund total operating revenues for fiscal year 2021 are $7,141,493. Sales tax revenue (including liquor tax) is projected at a total of $3,013,795 as compared to fiscal year 2020 budget projections. This is a twenty percent decrease for the first six months of the year to account for the economic effects of the COVID-19 virus. Other revenue sources such as building permit revenue and fine revenue are budgeted flat for the upcoming 2021 fiscal year. Total expenditures for the General Fund for the upcoming fiscal year are $7,283,649, resulting in proposed expenditures exceeding revenues by $142,156. It is anticipated that an actual draw down of fund balance will not occur due to the extremely conservative revenue estimate for sales tax. There is a $142,270 transfer to the Capital Projects Fund to fund municipal building improvements, replacement computers, and lease payments on a new fire engine and Opticom traffic signals.

Water and wastewater revenues for fiscal year 2021 are projected at $4,040,826, which is flat as compared to the fiscal year 2020 budget. There is not a fiscal year 2021 proposed water and wastewater rate increase, as the city's supplier of treated water and wastewater (City of Fort Worth) did not increase their rates to the city for this fiscal year. Proposed expenses for the Water and Wastewater fund come slightly below projected revenues, at $3,978,460 and there is an increased budget for water and wastewater line repairs to account for an increase in those expenses due to aging infrastructure.

The indicators from fiscal year 2021 show financial stability despite the economic challenges from the impact of the COVID-19 virus. The budgeted revenues take a conservative approach and it is anticipated that the sales tax implemented in mid fiscal year 2019 and dedicated to road improvements will enable the City to rehabilitate roads in future years.

Request for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3200 Diana Drive, Richland Hills, Texas 76118.

BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

CITY OF RICHLAND HILLS, TEXAS
Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,696,541	$ 1,828,939	$ 7,525,480
Investments	8,499,589	838,012	9,337,601
Receivables (Net of allowances for uncollectibles)			
Property tax	75,794	-	75,794
Sales tax	1,204,910	-	1,204,910
Franchise taxes	302,205	-	302,205
Accounts	708,130	735,146	1,443,276
Intergovernmental	26,833	-	26,833
Other	34,441	-	34,441
Prepaids	49,732	1	49,733
Supplies inventory - at cost	-	51,293	51,293
Restricted assets:			
Cash and cash equivalents	-	125,914	125,914
Capital assets			
Non-depreciable assets	2,509,757	256,267	2,766,024
Depreciable assets, net	21,810,090	18,831,419	40,641,509
Total Assets	40,918,022	22,666,991	63,585,013
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	2,978	27,967	30,945
Deferred outflows related to pensions	573,826	78,742	652,568
Deferred outflows related to OPEB	44,078	6,727	50,805
Total deferred Outflows of Resources	620,882	113,436	734,318
LIABILITIES:			
Accounts payable	680,839	169,529	850,368
Accrued liabilities	206,282	23,527	229,809
Unearned Revenue	120,378	-	120,378
Current Liabilities Payable from Restricted Assets:			
Interest payable	92,794	32,467	125,261
Customer deposits	-	125,914	125,914
Noncurrent liabilities:			
Due Within One Year	860,565	756,268	1,616,833
Due in More Than One Year	21,817,707	7,570,646	29,388,353
Total Liabilities	23,778,565	8,678,351	32,456,916
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	836,651	108,397	945,048
Deferred inflows related to OPEB	15,391	2,349	17,740
Total deferred inflows of Resources	852,042	110,746	962,788
NET POSITION:			
Net investments in Capital Assets	9,928,481	11,062,511	20,990,992
Restricted for			
Public Safety	483,313	-	483,313
Culture and recreation	16,779	-	16,779
Parks and beautification	34,618	-	34,618
Economic development	962,409	-	962,409
Debt Service	397,293	-	397,293
Capital projects	2,409,675	-	2,409,675
Unrestricted Net Position	2,675,729	2,928,819	5,604,548
Total Net Position	$ 16,908,297	$ 13,991,330	$ 30,899,627

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	**$** 1,305,958	$ 1,568	$ -	$ -
Public safety	5,895,176	686,279	353,678	-
Public works	690,123	-	-	21,957
Culture and recreation	1,362,787	438,432	13,691	-
Parks and beautification	644,340	-	1,256	96,253
Community development	472,435	383,038	-	-
Economic development	268,713	-	-	-
Interest and fiscal agent charges	585,288	-	-	-
Total governmental activities	11,224,820	1,509,317	368,625	118,210
Business-type activities:				
Water and sewer	3,563,124	4,239,224	-	-
Drainage utility	584,961	928,500	-	-
Total business-type activities	4,148,085	5,167,724	-	-
Total primary government	$ 15,372,905	$ 6,677,041	$ 368,625	$ 118,210

General Revenues:
Taxes:
Property Taxes, levied for general purposes
Property Taxes, levied for debt service
Proptery Taxes, levied for TIF Zone
Sales Taxes
Franchise Taxes
Hotel Occupancy Taxes
Investment Earnings
Gain on Sale of Assets
Miscellaneous Revenues
Total General Revenues and Transfers

CHANGE IN NET POSITION

NET POSITION, OCTOBER 1, 2019

NET POSITION, SEPTEMBER 30, 2020

The notes to the financial statements are an integral part of this statement.

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (1,304,390)	$ -	$ (1,304,390)
(4,855,219)	-	(4,855,219)
(668,166)	-	(668,166)
(910,664)	-	(910,664)
(546,831)	-	(546,831)
(89,397)	-	(89,397)
(268,713)	-	(268,713)
(585,288)	-	(585,288)
(9,228,668)	-	(9,228,668)
-	676,100	676,100
-	343,539	343,539
-	1,019,639	1,019,639
$ (9,228,668)	$ 1,019,639	$ (8,209,029)
$ 2,626,675	$ -	$ 2,626,675
916,516	-	916,516
163,957	-	163,957
6,906,449	-	6,906,449
547,312	-	547,312
85,603	-	85,603
73,895	12,708	86,603
22,885	-	22,885
203,502	-	203,502
11,546,794	12,708	11,559,502
2,318,126	1,032,347	3,350,473
14,590,171	12,958,983	27,549,154
$ 16,908,297	$ 13,991,330	$ 30,899,627

CITY OF RICHLAND HILLS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2020

	General	Crime Control District	2019 GO Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 3,677,970	$ 175,619	$ -	$ 1,842,952	$ 5,696,541
Investments	179,148	-	5,691,250	2,629,191	8,499,589
Receivables (Net of allowances for uncollectibles)					
Property tax	63,796	-	-	11,998	75,794
Sales tax	602,059	226,564	-	376,287	1,204,910
Franchise taxes	302,205	-	-	-	302,205
Accounts	708,130	-	-	-	708,130
Intergovernmental	-	-	-	26,833	26,833
Other	-	-	-	34,441	34,441
Prepaids	49,732	-	-	-	49,732
Total assets	$ 5,583,040	$ 402,183	$ 5,691,250	$ 4,921,702	$ 16,598,175
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 256,653	$ 3,812	$ 389,235	$ 31,139	$ 680,839
Accrued liabilities	181,940	20,790	-	3,552	206,282
Unearned Revenue	24,524	-	-	95,854	120,378
Total liabilities	463,117	24,602	389,235	130,545	1,007,499
Deferred inflow of resources:					
Deferred revenue	1,056,828	-	-	33,955	1,090,783
Total deferred revenue	1,056,828	-	-	33,955	1,090,783
Fund Balances:					
Nonspendable:					
Prepaid items	49,732	-	-	-	49,732
Restricted for:					
Public Safety	49,396	377,581		56,336	483,313
Culture and recreation	16,779	-	-	-	16,779
Parks and beautification	34,618	-	-	-	34,618
Economic development	-	-	-	962,409	962,409
Debt Service	-	-	-	385,295	385,295
Capital projects	-	-	5,302,015	3,083,054	8,385,069
Assigned for capital projects	-	-	-	270,108	270,108
Unassigned	3,912,570	-	-	-	3,912,570
Total fund balances	4,063,095	377,581	5,302,015	4,757,202	14,499,893
Total liabilities, deferred inflows and fund balances	$ 5,583,040	$ 402,183	$ 5,691,250	$ 4,921,702	$ 16,598,175

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2020

Total Fund Balances - Governmental Funds	$ 14,499,893
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was $50,300,660 and the accumulated depreciation was $25,980,813.	24,319,847
Long-term liabilities, including $19,667,406 bonds payable, tax notes and premiums, $702,332 capital leases payable, and $210,800 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.	(20,580,538)
Deferred charges on refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.	2,978
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(92,794)
Current receivables are not available soon enough to pay for the current period's expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	1,090,783
Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of $1,799,688, a deferred resource inflow related to pensions of $836,651, and a deferred resource outflow related to pensions in the amount of $573,826. This amounts to a decrease in net position.	(2,062,513)
Included in the items related to noncurrent liabilities is the recognition of the City's OPEB liability required by GASB 75 in the amount of $298,046 and a deferred resource inflow related to OPEB in the amount of $15,391, and a deferred resource outflow related to OPEB in the amount of $44,078. This is a decrease in net position.	(269,359)
Net Position of Governmental Activities	$ 16,908,297

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2020

	General	Crime Control District	2019 GO Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 2,624,551	$ -	$ -	$ 1,077,842	$ 3,702,393
Sales	3,368,867	1,302,122	-	2,235,460	6,906,449
Franchise	566,748	-	-	-	566,748
Hotel occupancy tax	-	-	-	85,603	85,603
Fines and forfeitures	405,389	-	-	16,291	421,680
Licenses and permits	383,038	-	-	-	383,038
Charges for service	713,931	-	-	-	713,931
Intergovernmental revenue	15,167	4,995	-	435,999	456,161
Investment earnings	14,930	-	52,804	6,161	73,895
Other revenue	134,917	-	5,562	52,797	193,276
Total revenues	8,227,538	1,307,117	58,366	3,910,153	13,503,174
EXPENDITURES					
Current					
General government	1,214,119	-	-	46,680	1,260,799
Public safety	3,772,607	1,091,045	-	454,280	5,317,932
Public works	158,080	-	-	-	158,080
Culture and recreation	1,055,083	-	-	675	1,055,758
Parks and beautification	177,500	-	-	-	177,500
Community development	461,423	-	-	-	461,423
Economic development	-	-	-	268,713	268,713
Capital outlay	719,733	185,246	762,923	748,561	2,416,463
Debt service:					
Principal	-	-	-	694,054	694,054
Interest and fiscal agent charges	-	-	-	668,016	668,016
Total expenditures	7,558,545	1,276,291	762,923	2,880,979	12,478,738
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	668,993	30,826	(704,557)	1,029,174	1,024,436
OTHER FINANCING SOURCES (USES)					
Capital leases	719,733	-	-	-	719,733
Sale of capital assets	-	-	-	22,885	22,885
Transfers in	-	-	-	291,844	291,844
Transfers out	(291,844)	-	-	-	(291,844)
Total other financing sources (uses)	427,889	-	-	314,729	742,618
NET CHANGE IN FUND BALANCES	1,096,882	30,826	(704,557)	1,343,903	1,767,054
FUND BALANCE, OCTOBER 1, 2019	2,966,213	346,755	6,006,572	3,413,299	12,732,839
FUND BALANCE, SEPTEMBER 30, 2020	$ 4,063,095	$ 377,581	$ 5,302,015	$ 4,757,202	$ 14,499,893

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Reconciliation of Statement of Revenues,
Expenditures and Changes is Fund Balances of
The Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2020

Total Net Change in Fund Balances - Governmental Funds	$ 1,767,054
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including $2,408,107 of capital outlays and $694,054 of debt principal payments is to increase net position.	3,102,161
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(1,743,038)
Current year proceeds from capital leases are other financing sources inthe fund financial statements. The net effect of the increase in capital leases is a decrease in net position.	(719,733)
Interest payable and compensated absences are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The $12,499 increase in interest payable and $822 decrease in compensated absences payable, and the $95,226 amortization of deferred charges, premiums and discounts decrease net position.	83,549
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,887
GASB requires the City to recognize its net pension liability and deferred resource outflow and inflows related to pensions. The changes in these balances increased net position.	(166,777)
GASB requires the City to recognize its OPEB liability and deferred resource outflow and inflows related to OPEBs. The changes in these balances decreased net position.	(21,977)
Change in Net Position of Governmental Activities	$ 2,318,126

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2020

	Water and Sewer Fund	Drainage Utility Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 1,291,342	$ 537,597	$ 1,828,939
Investments	724,879	113,133	838,012
Receivables (Net of allowance for uncollectibles):			
Accounts	735,146	-	735,146
Prepaids	1	-	1
Supplies inventory	51,293	-	51,293
Restricted Assets:			
Cash and cash equivalents	125,914	-	125,914
Total current assets	2,928,575	650,730	3,579,305
Noncurrent Assets:			
Capital assets			
Non-depreciable assets	207,267	49,000	256,267
Depreciable assets, net	12,401,854	6,429,565	18,831,419
Total noncurrent assets	12,609,121	6,478,565	19,087,686
Total assets	$ 15,537,696	$ 7,129,295	$ 22,666,991
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	27,967	-	27,967
Deferred outflows related to pensions	67,560	11,182	78,742
Deferred outflows related to OPEB	6,056	671	6,727
Total deferred outflows of resources	101,583	11,853	113,436
LIABILITIES:			
Current Liabilities:			
Accounts payable	$ 155,471	$ 14,058	$ 169,529
Accrued liabilities	19,956	3,571	23,527
Current Liabilities Payable from Restricted Assets:			
Current portion of noncurrent liabilities	414,815	341,453	756,268
Interest payable	12,525	19,942	32,467
Customer deposits payable	125,914	-	125,914
Total current liabilities	728,681	379,024	1,107,705
Noncurrent Liabilities:			
Compensated absences payable	17,774	696	18,470
Net pension liability	201,049	32,119	233,168
OPEB liability	40,949	4,535	45,484
Bonds payable	2,963,182	4,310,342	7,273,524
Total noncurrent liabilities	3,222,954	4,347,692	7,570,646
Total liabilities	3,951,635	4,726,716	8,678,351
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows related to pensions	93,465	14,932	108,397
Deferred Inflows related to OPEB	2,115	234	2,349
Total deferred outflows of resources	95,580	15,166	110,746
NET POSITION:			
Net Investment in capital assets	9,235,567	1,826,944	11,062,511
Unrestricted	2,356,497	572,322	2,928,819
Total net assets	$ 11,592,064	$ 2,399,266	$ 13,991,330

The notes to the financial statements are an integral part of this statement.

EXHIBIT D-2

CITY OF RICHLAND HILLS, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

	Water and Sewer Fund	Drainage Utility Fund	Totals
OPERATING REVENUES			
Charges for sales and services:			
Water sales	$ 2,416,374	$ -	$ 2,416,374
Sewer charges	1,767,435	-	1,767,435
Infrastructure improvement fees	-	928,500	928,500
Late payment fee	34,024	-	34,024
Miscellaneous fees and charges	21,391	-	21,391
Total operating revenue	4,239,224	928,500	5,167,724
OPERATING EXPENSES			
Personnel	790,215	113,431	903,646
Contractual services	49,708	13,776	63,484
Maintenance and repairs	454,894	82,436	537,330
Water purchase	509,216	-	509,216
Sewage treatment	688,434	-	688,434
Other supplies and expenses	329,902	6,956	336,858
Depreciation	637,222	209,383	846,605
Total operating expenses	3,459,591	425,982	3,885,573
Operating income (loss)	779,633	502,518	1,282,151
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	11,686	1,022	12,708
Interest expense and fiscal agent charges	(103,533)	(158,979)	(262,512)
Total nonoperating revenues (expenses)	(91,847)	(157,957)	(249,804)
CHANGE IN NET POSITION	687,786	344,561	1,032,347
NET POSITION, OCTOBER 1, 2019	10,904,278	2,054,705	12,958,983
NET POSITION, SEPTEMBER 30, 2020	$ 11,592,064	$ 2,399,266	$ 13,991,330

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

	Water and Sewer Fund	Drainage Utility Fund	Totals
Cash flows from operating activities:			
Cash received from customers	$ 4,269,303	$ 928,500	$ 5,197,803
Cash paid to suppliers	(2,100,324)	(99,131)	(2,199,455)
Cash paid to employees	(744,543)	(105,283)	(849,826)
Net cash provided by operating activities	1,424,436	724,086	2,148,522
Cash flow from noncapital financing activities:			
Increase (decrease) in due to other funds	(294)	-	(294)
Net cash provided (used) by noncapital financing activities	(294)	-	(294)
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(455,475)	(320,000)	(775,475)
Capital expenditures	(378,646)	(33,359)	(412,005)
Interest and fiscal agent charges	(115,389)	(171,699)	(287,088)
Net cash (used) by capital and related financing activities	(949,510)	(525,058)	(1,474,568)
Cash flow from investing activities:			
Interest received	11,687	1,022	12,709
Sale of investments	557,569	-	557,569
Purchase of investments	-	(1,022)	(1,022)
Net cash provided by investing activities	569,256	-	569,256
Net increase (decrease) in cash and cash equivalents	1,043,888	199,028	1,242,916
Cash and cash equivalents, October 1, 2019	373,368	338,569	711,937
Cash and cash equivalents, September 30, 2020	$ 1,417,256	$ 537,597	$ 1,954,853
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 779,633	$ 502,518	$ 1,282,151
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	637,222	209,383	846,605
(Increase) decrease in accounts receivable	32,290	-	32,290
(Increase) decrease in prepaids	99	-	99
(Increase) decrease in supplies inventory	(30,405)	-	(30,405)
Increase (decrease) in accounts payable	(37,864)	4,037	(33,827)
Increase (decrease) in accrued liabilities	3,402	1,804	5,206
Increase (decrease) in compensated absences	4,447	870	5,317
Increase (decrease) in net pension balances	34,804	5,140	39,944
Increase (decrease) in OPEB Balances	3,019	334	3,353
Increase (decrease) in customer meter deposits	(2,211)	-	(2,211)
Total adjustments	644,803	221,568	866,371
Net cash provided by operating activities	$ 1,424,436	$ 724,086	$ 2,148,522

The notes to the financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Richland Hills is a municipal corporation governed by an elected mayor and five-member council. The financial statements of the City of Richland Hills, Texas ("City") include all governmental activities, organizations, and functions for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City's financial statements included: the City's accountability for the entity's fiscal matters; the scope of public service of the entity; and the nature of any special financing relationships which may exist between the City and a given governmental entity. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City has two blended component units. Separate financial information for each can be obtained from the City.

Blended Component Units.

The Richland Hills Development Corporation (a nonprofit development corporation formed under the Development corporation act of 1979, Texas Rev Civil Statute) was incorporated June 28, 1996. The corporation serves all citizens of the City and is governed by a board of seven directors appointed by the City Council. Four of the directors are council member directors and three are citizen member directors. The purpose of the Corporation is to promote infrastructure improvements, parks and park facilities and economic development within the City and the State of Texas in order to eliminate unemployment and underemployment and to promote and encourage employment and the public welfare of, for and on behalf of the City by developing, implementing, providing, and financing projects. Operation of the Corporation is funded by .125 percent sales tax approved by the voters. The sales tax was increased to .25 percent effective April 2019. The corporation is reported as a Special Revenue Fund.

November 8, 2005, citizens of the City of Richland Hills voted to create the Richland Hills Crime Control and Prevention District (the "District") dedicated to crime reduction programs. The City Council serves as the board of directors for the District. Operation of the District is funded by .325 percent sales tax approved by the voters. The District is reported as a Special Revenue Fund.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property, sales, and franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental fund:

The ***General Fund*** is the government's primary operating fund. It accounts for all resources used to finance basic operations of the City and covers all activities for which a separate fund has not been established.

The ***Crime Control District*** special revenue fund is a blended component unit that accounts for the proceeds of a .325 percent sales tax and crime reduction programs.

The ***2019 General Obligation Bonds*** capital projects fund is used to account for bond proceeds issued for the purpose of constructing and equipping a new fire station.

The City reports the following major proprietary funds:

The ***Water and Sewer Fund*** is used to account for the operation of the water and sewage systems for the City.

The ***Drainage Utility Fund*** is used to account for the construction and maintenance of the drainage system for the City.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and drainage utility fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity

1. *Cash, Cash Equivalents and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Tax

Ad valorem property taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year ending are recorded as deferred revenue and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31. Tax liens are automatic on January 1 each year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. *Inventory*

The inventory of supplies held by the Enterprise Funds is valued at cost using the first-in-first-out ("FIFO") method.

5. *Prepaids*

Payments made to vendors for services that will benefit periods beyond September 30 are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid expenses in the governmental funds are accounted for using the purchases method.

6. *Capital Assets*

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government and proprietary funds are depreciated using the straight-line method over the following estimated useful lives.

Building and improvements	20 - 40 years
Office equipment	5 - 20 years
Autos and trucks	4 - 5 years
Equipment	3 - 20 years
Waterworks and sewer system	5 - 40 years
Infrastructure	20 – 40 years

The City has reported infrastructure capital assets acquired prior to the implementation of GASB Statement No. 34 at estimated historical cost.

7. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Sick pay benefits are not paid upon separation therefore no liability is reported for unpaid accumulated sick leave. Vacation and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported by the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. *Fund Balance – Governmental Funds*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classifications includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted: This classification includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed: This classification includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

Assigned: This classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has delegated the authority to assign fund balance to the City Manager by resolution.

Unassigned – All amounts not included in other classifications.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

11. *Net Position*

Net position represents the difference between assets and liabilities. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

Restricted fund balance (Exhibit C-1)	$ 10,267,483
Adjustments	
Deferred property tax revenue restricted for debt service	11,998
Restricted for capital projects	(5,975,394)
Total adjustments	(5,963,396)
Restricted net position (Exhibit A-1)	$ 4,304,087

12. *Use of Estimates*

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income relating to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation references for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Investment Pools

The City invests idle funds in the Texas Local Government Investment Pool (TexPool) and TexSTAR investment pool. These pools are local government investment pool organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. All investments of the Pools are stated at amortized cost, which in most cases approximates the fair value of the securities. The objective of the Pools is to maintain a stable $1.00 net asset value; however, the $1.00 net asset value is not guaranteed or insured by the State of Texas.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. As a requirement to maintain its rating, weekly portfolio information must be submitted to Standards and Poors, as well as the office of the Comptroller of Public Accounts for review.

TexSTAR has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. An advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR has been established and maintained.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. At September 30, 2020, the City's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the City's name.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by the State Public Funds Investment Act described above.

Interest Rate Risk – Investments

The City manages interest rate risk by structuring its portfolio so that it will experience minimal volatility during economic cycles. This is accomplished by purchasing high quality, short to medium term securities which will complement each other. The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity date of each security.

The City's investments at September 30, 2020 included the following:

Investment	Credit Rating	Maturities	Percentage of Total Investments	Cost	Fair Value
Tex-Pool	AAAm	38 days	30.58%	$ 2,803,774	$ 2,803,774
TexSTAR Pool	AAAm	39 days	69.42%	$ 6,364,627	$ 6,364,627
				$ 9,168,401	$ 9,168,401

Reconciliation to financial statements	
Investments from Exhibit A-1	$ 9,337,601
Less: Certificates of Deposit	(169,200)
	$ 9,168,401

NOTE 3: RESTRICTED ASSETS

Certain proceeds of the City's enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond ordinances and other legal restrictions. Enterprise Funds restricted assets are held for the following purposes in accordance with bond ordinances or other legal restrictions:

Cash and cash equivalents	
Customer Deposits	$ 125,914
Total restricted assets	$ 125,914

NOTE 4: RECEIVABLES

All accounts and property tax receivables are shown net of an allowance for uncollectibles. Water and sewer accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible accounts of $805,959. The property tax receivable allowance of $95,694 and $17,997 for the general fund and debt service fund respectively, and is equal to 60% of outstanding delinquent property taxes at September 30. The fines and fees receivable in the general fund is reported net of an allowance of $1,777,120 which is 75% of the adjusted receivable. The EMS charges receivable in the general fund is reported net of an allowance of $270,373 which is accounts outstanding in excess of 60 days. These allowances are based upon historical experience. Receivables as of year-end for the City's major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Crime Control District	Enterprise Funds	Nonmajor Funds	Total
Receivables:					
Property tax	$ 159,491	$ -	$ -	$ 29,995	$ 189,485
Sales tax	602,059	226,564	-	376,287	1,204,909
Franchise taxes	302,205	-	-	-	302,205
Accounts	2,755,623	-	1,080,096	-	3,835,719
Earned and Unbilled Services	-	-	461,009	-	461,009
Intergovernmental	-	-	-	26,833	26,833
Other	-	-	-	34,441	34,441
Gross Receivables	3,819,377	226,564	1,541,105	467,556	6,054,602
Less: Allowance for Uncollectibles	(2,143,187)	-	(805,959)	(17,997)	(2,967,143)
Net Total Receivables	$ 1,676,190	$ 226,564	$ 735,146	$ 449,559	$ 3,087,459

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and this, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify in this category, deferred loss on refunding, deferred outflows related to pensions and deferred outflows related to OPEB reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as in inflow of resource (revenue) until that time. The city has three types of items in this category, unavailable revenues for governmental funds and deferred inflows related to pensions and deferred inflows related to OPEB in the government-wide statement of net position and proprietary funds statements.

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	General	Nonmajor	Total Governmental Funds
Deferred property taxes receivable	$ 63,797	11,998	$ 75,795
Deferred franchise tax receivable	265,959	-	265,959
Deferred hotel occupancy tax receivable	-	21,957	21,957
Deferred fines and fees receivable	592,373	-	592,373
Deferred EMS charges receivable	115,756	-	115,756
Deferred miscellaneous receivable	18,943	-	18,943
Total deferred inflows of resources for governmental funds	$ 1,056,828	$ 33,955	$ 1,090,783

NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2020, is as follows:

Transfer In	Transfer Out	Amount	Purpose
Capital Projects	General Fund	$ 291,844	Capital Projects
Total Governmental Funds Transfers In		$ 291,844	

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Non - Depreciable Assets:				
Land	$ 830,414	$ -	$ -	$ 830,414
Construction in Progress	1,118,620	1,401,446	(840,723)	1,679,343
Total non-depreciable assets	1,949,034	1,401,446	(840,723)	2,509,757
Depreciable Assets:				
Buildings	13,109,104	6,464	-	13,115,568
Improvements other than buildings	4,488,555	117,267	-	4,605,822
Machinery and equipment	4,944,900	918,481	(66,079)	5,797,302
Infrastructure	23,467,040	805,171	-	24,272,211
Total capital assets being depreciated	46,009,599	1,847,383	(66,079)	47,790,903
Accumulated Depreciation:				
Buildings	(2,133,432)	(291,131)	-	(2,424,563)
Improvements other than buildings	(1,936,732)	(387,814)	-	(2,324,546)
Machinery and equipment	(3,035,279)	(551,906)	66,079	(3,521,106)
Infrastructure	(17,198,411)	(512,187)	-	(17,710,598)
Total accumulated depreciation	(24,303,854)	(1,743,038)	66,079	(25,980,813)
Governmental activities capital assets, net	$ 23,654,779	$ 1,505,791	$ (840,723)	$ 24,319,847

NOTE 7: CAPITAL ASSETS - (Continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Non - Depreciable Assets:				
Land	$ 256,267	$ -	$ -	$ 256,267
Total non-depreciable assets	256,267	-	-	256,267
Depreciable Assets:				
Buildings	174,022	47,115	-	221,137
Improvements other than buildings	7,825,701	-	-	7,825,701
Water and sewer systems	21,942,118	278,551	-	22,220,669
Machinery and equipment	1,012,643	86,339	(67,594)	1,031,388
Total capital assets being depreciated	30,954,484	412,005	(67,594)	31,298,895
Accumulated Depreciation:				
Buildings	(172,643)	(2,988)	-	(175,631)
Improvements other than buildings	(1,193,578)	(199,116)	-	(1,392,694)
Water and sewer systems	(9,421,244)	(545,809)	-	(9,967,053)
Machinery and equipment	(901,000)	(98,692)	67,594	(932,098)
Total accumulated depreciation	(11,688,465)	(846,605)	67,594	(12,467,476)
Business-type activities capital assets, net	$ 19,522,286	$ (434,600)	$ -	$ 19,087,686

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 28,797
Public safety	439,016
Public works	524,743
Culture and recreation	286,284
Parks and beautification	458,483
Community development	5,715
Total depreciation expense - governmental activities	$ 1,743,038
Business-type activities:	
Water and sewer	$ 637,222
Drainage Utility	209,383
Total depreciation expense - business-type activities	$ 846,605

NOTE 8: LONG-TERM LIABILITIES

A. Bonds Payable

Governmental Activities

The City has issued certificates of obligation, general obligation bonds and tax notes for the construction of large capital projects. The General Obligation Bonds Series 2017 are split between the governmental activities and business-type activities 15 and 85 percent. Bonds outstanding are as follows:

	Interest Rate	Maturity	Original Issue	Amount Outstanding
Governmental activities:				
Certificates of obligation				
2016 Tax and Revenue	2.00 - 3.13%	8/15/2036	$ 4,705,000	$ 4,050,000
Total certificates of obligation			4,705,000	4,050,000
General obligation bonds				
2016 General Obligation	2.00% - 3.38%	8/15/2046	8,770,000	8,400,000
2019 General Obligation	2.25% - 4.00%	8/15/2039	5,660,000	5,525,000
Direct placement				
2017 General Obligation Refunding	1.84%	8/15/2027	228,750	152,250
Total general obligation bonds			14,658,750	14,077,250
Tax Notes				
2019 Tax Notes	3.00% - 4.00%	8/15/2026	680,000	590,000
Total contractual obligation bonds			680,000	590,000
Total governmental activities			$ 20,043,750	$ 18,717,250

The annual debt service requirements to maturity for the governmental activities bonds outstanding as of September 30, 2020, are as follows:

	Governmental Activities					
	Certificates of Obligation			Tax Notes		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 190,000	145,975	335,975	90,000	20,700	110,700
2022	195,000	136,475	331,475	95,000	17,100	112,100
2023	205,000	128,675	333,675	95,000	14,250	109,250
2024	210,000	124,575	334,575	100,000	11,400	111,400
2025	210,000	119,850	329,850	100,000	8,400	108,400
2026-2030	1,235,000	443,150	1,678,150	110,000	4,400	114,400
2031-2035	1,480,000	191,550	1,671,550	-	-	-
2036-2040	325,000	10,156	335,156			
Total	$ 4,050,000	$ 1,300,406	$ 5,350,406	$ 590,000	$ 76,250	$ 666,250

NOTE 8: LONG-TERM LIABILITIES (Continued)

	Governmental Activities						
	General Obligation Bonds			General Obligation Bonds - Direct Placement			
	Principal	Interest	Total	Principal	Interest	Total	Total
2021	300,000	464,381	764,381	25,500	2,801	28,301	792,682
2022	315,000	453,932	768,932	25,500	2,332	27,832	796,764
2023	370,000	441,331	811,331	19,500	1,863	21,363	832,694
2024	385,000	426,532	811,532	19,500	1,504	21,004	832,536
2025	405,000	408,881	813,881	20,250	1,145	21,395	835,276
2026-2030	2,720,000	1,750,257	4,470,257	42,000	1,159	43,159	4,513,416
2031-2035	3,360,000	1,199,207	4,559,207	-	-	-	4,559,207
2036-2040	3,415,000	723,769	4,138,769	-	-	-	4,138,769
2041-2045	2,175,000	306,281	2,481,281	-	-	-	2,481,281
2046-2050	480,000	16,200	496,200	-	-	-	496,200
Total	$ 13,925,000	$ 6,190,771	$ 20,115,771	$ 152,250	$ 10,804	$ 163,054	$ 20,278,825

Business-type Activities

The City's enterprise funds also issue certificates of obligation for the construction of large capital projects. Bonds outstanding are as follows:

	Interest Rate	Maturity	Original Issue	Amount Outstanding
Business-type activities				
Certificates of obligation				
2010 Tax and Revenue	3.00% - 4.13%	8/15/2030	2,750,000	1,660,000
2011 Tax and Revenue Refunding	2.00% - 2.50%	8/15/2022	3,110,000	235,000
2013 Tax and Revenue	3.00% - 4.50%	8/15/2033	5,370,000	4,220,000
Direct placement				
2015 Tax and Revenue	2.56%	8/15/2030	1,030,000	735,000
Total certificates of obligation			12,260,000	6,850,000
General obligation bonds				
Direct placement				
2017 General Obligation Refunding	1.84%	8/15/2027	1,296,250	862,750
Total general obligation bonds			1,296,250	862,750
Total business-type activities			$ 13,556,250	$ 7,712,750

NOTE 8: LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity for the business-type activities bonds outstanding as of September 30, 2020, are as follows:

	Business-type Activities						
	Certificates of Obligation			Certificates of Obligation - Direct Placement			
	Principal	Interest	Total	Principal	Interest	Total	Total
2021	$ 510,000	225,044	735,044	65,000	18,816	83,816	818,860
2022	530,000	205,506	735,506	65,000	17,152	82,152	817,658
2023	440,000	184,856	624,856	70,000	15,488	85,488	710,344
2024	445,000	170,906	615,906	70,000	13,696	83,696	699,602
2025	460,000	156,588	616,588	75,000	11,904	86,904	703,492
2026-2030	2,580,000	530,450	3,110,450	390,000	30,336	420,336	3,530,786
2031-2035	1,150,000	93,200	1,243,200	-		-	1,243,200
Total	$ 6,115,000	$ 1,566,550	$ 7,681,550	$ 735,000	$ 107,392	$ 842,392	$ 8,523,942

	Business-type Activities		
	General Obligation Bonds - Direct Placement		
	Principal	Interest	Total
2021	$ 144,500	15,875	160,375
2022	144,500	13,216	157,716
2023	110,500	10,557	121,057
2024	110,500	8,524	119,024
2025	114,750	6,491	121,241
2026-2030	238,000	6,569	244,569
Total	$ 862,750	$ 61,232	$ 923,982

Direct Placement Bonds

Direct placement bonds are bonds that are issued directly to an investor. The direct placement bonds include provisions that in the event the City defaults on the payments or performance of covenants, the holders of the bonds may proceed against the City for the purpose of protecting and enforcing the rights of the bondholders by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant.

B. Capital Leases Payable

Governmental Activities

On October 28, 2016, the City entered into a $232,379 lease-purchase agreement for an ambulance. The lease is due in 5 annual payments of $49,959 beginning May 1, 2017. The interest rate is 2.947%.

On February 11, 2019, the City entered into a $607,000 lease-purchase agreement for a fire truck. The lease is due in 10 annual payments of $73,539 beginning February 28, 2020. The interest rate is 3.65%

On June 26, 2019, the City entered into a $112,733 lease-purchase agreement for an Opticom system. The lease is due in 7 annual payments of $18,772 beginning June 26, 2020. The interest rate is 3.985%.

NOTE 8: LONG-TERM LIABILITIES (Continued)

The future minimum lease purchase commitments are as follows:

	Governmental Activities
2021	$ 142,271
2022	92,311
2023	92,311
2024	92,311
2025	92,311
2026-2030	312,930
Total debt service requirements	824,445
Less: Interest Portion	122,113
Debt Principal	$ 702,332

Assets under lease and the related accumulated depreciation are as follows:

	Governmental Activities
Machinery and equipment	$ 952,112
Less: Accumulated Depreciation	(164,925)
Net	$ 787,187

NOTE 8: LONG-TERM LIABILITIES (Continued)

C. Changes in long-term liabilities

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2020.

	09/30/2019	Additions	Retirements	09/30/2020	Due Within One Year
Governmental Activities.:					
Certificates of obligation	$ 4,230,000	$ -	$ 180,000	$ 4,050,000	$ 190,000
General obligation bonds	14,210,000	-	285,000	13,925,000	300,000
Direct placement					
General obligation bonds	178,500	-	26,250	152,250	25,500
Contractual obligation bonds	-	-	-	-	-
Tax notes	680,000	-	90,000	590,000	90,000
Premiums on bonds	1,046,871	-	96,715	950,156	96,533
Capital leases	95,403	719,733	112,804	702,332	116,372
Compensated Absences	211,622	210,800	211,622	210,800	42,160
Net Pension Liability	3,672,896	-	1,873,208	1,799,688	-
OPEB Liability	237,779	60,267	-	298,046	-
Total Governmental Activities	24,563,071	990,800	2,875,599	22,678,272	860,565
Business-type Activities:					
Certificates of obligation	6,605,000	-	490,000	6,115,000	510,000
Direct placement					
Certificates of obligation	800,000	-	65,000	735,000	65,000
General obligation bonds	1,011,500	-	148,750	862,750	144,500
Premiums on bonds	344,573	-	32,150	312,423	32,150
Capital Lease Payable	71,725		71,725	-	-
Compensated Absences	17,771	23,088	17,771	23,088	4,618
Net Pension Liability	475,862		242,694	233,168	-
OPEB Liabilty	36,287	9,197		45,484	-
Total Business-type Activities	9,362,718	32,285	1,068,090	8,326,913	756,268
Total Long-Term Debt	$33,925,789	$ 1,023,085	$ 3,943,689	$31,005,185	$ 1,616,833

Compensated absences, net pension liabilities and OPEB liabilities of the governmental activities and business-type activities are paid by the general fund, water and sewer fund, and drainage utility fund, respectively.

NOTE 9: RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City's general liability, and property insurance is underwritten through a self-insurance fund for Texas political subdivisions. Premiums are paid to the carrier, and they administer all claims. The City is also insured for workers' compensation claims through a self-insurance fund for Texas political subdivisions. Rates are determined by the state, and the pool assigns discount rates to premiums based upon the City's claims history. The City retains, as a risk, only the deductible amount of each policy.

The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with no reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

NOTE 10: DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The plan provisions for the City were as follows:

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

	Plan Year 2020
Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	123
Active employees	76
	308

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.63% and 15.47% in calendar years 2020 and 2019 respectively. The city's contributions to TMRS for the year ended September 30, 2020, were $708,466, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with Public Safety table used for males and the General Employee table used for females. Morality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality rates. The rates for actives, health retirees and beneficiaries are projected on a full generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2015 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs to TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternate asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	$ 31,848,891	$ 27,700,132	$ 4,148,759
Changes for the year:			
Service cost	893,134	-	893,134
Interest	2,124,314	-	2,124,314
Change of benefit terms	-	-	-
Difference between expected and actual experience	113,437	-	113,437
Changes of assumptions	81,366	-	81,366
Contributions - employer	-	738,471	(738,471)
Contributions - employee	-	334,149	(334,149)
Net investment income	-	4,280,458	(4,280,458)
Benefit payments, including refunds of employee contributions	(1,648,272)	(1,648,272)	-
Administrative expense	-	(24,197)	24,197
Other changes	-	(727)	727
Net changes	1,563,979	3,679,882	(2,115,903)
Balance at 12/31/2019	$ 33,412,870	$ 31,380,014	$ 2,032,856

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase Discount Rate (7.75%)
City's Net Pension Liability	$ 6,610,420	$ 2,032,856	$ 1,698,680

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of $915,502.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 67,970	$ -
Changes in actuarial assumptions	48,689	-
Difference between projected and actual investment earnings.	-	945,048
Contributions subsequent to the measurement date	535,909	-
Total	$ 652,568	$ 945,048

$535,909 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2020	$ (202,387)
2021	(241,928)
2022	98,065
2023	(482,139)
2024	-
Thereafter	-
Total	$ (828,389)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees.

NOTE 11. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

B. BENEFITS PROVIDED

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitle to but not yet receiving benefits	12
Active employees	76
	145

C. TOTAL OPEB LIABILITY

The City's total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflation
Retirees' share of benefit relate costs	$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for service retirees were based on 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-froward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

NOTE 11. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	$ 274,066
Changes for the year:	
Service Cost	10,024
Interest	10,292
Change of benefit terms	-
Difference between expected and actual experience	1,385
Changes of assumptions	51,104
Benefit payments	(3,341)
Net changes	69,464
Balance at 12/31/2019	$ 343,530

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase Discount Rate (3.75%)
City's Total OPEB Liability	$ 410,435	$ 343,530	$ 291,354

D. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of $28,671.

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NOTE 11. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	1,119	6,724
Changes in assumptions and other inputs	49,686	11,016
Contributions subsequent to the measurement date	-	-
Total	50,805	17,740

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2020	$ 8,355
2021	8,355
2022	4,284
2023	9,957
2024	2,114
Thereafter	-
Total	$ 33,065

NOTE 12: CONTINGENT LIABILITIES

A. Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

B. Litigation

The City has claims or lawsuits arising from the normal course of business. Although the outcome of these claims and lawsuits is not presently determinable, it is the opinion of City management and legal counsel that they will not have a material adverse effect on the financial condition of the City.

NOTE 13: CONTRACTS AND COMMITMENTS

A. Wastewater Treatment

On April 18, 2017, the City Council approved a 20 year agreement with the City of Fort Worth whereby Fort Worth agreed to provide wastewater treatment to the City. The agreement allows the City to connect its wastewater system to the Fort Worth waste water system. Charges to the City are based upon cost-of-service rate studies performed by independent utility rate consultants. This contract has been amended various times during the years. Charges during the year for the treatment of wastewater by the City of Fort Worth were $459,164.

B. Water Treatment

The City entered into a 20 year agreement with the City of Fort Worth effective January 1, 2011 through September 30, 2031 whereby Fort Worth agreed to provide treated water to the City. Rates to purchase the water will be based upon a cost-of-service rate study conducted every three years by independent utility rate consultants. Charges during the year for the purchase of treated water from the City of Fort Worth were $509,216.

C. Transportation of Sewerage

On May 13, 1986, the City entered into an agreement with the City of Hurst to allow sewerage to be metered in Hurst then transported through the Trinity River Authority Calloway Branch sewer line to the city of Fort Worth. Charges to the City are based upon current sewer rates charged to Hurst by the Trinity River Authority and a $75.00 per month meter service charge. Charges during the year from the City of Hurst were $189,455.

NOTE 14: TAX ABATEMENTS

The City is authorized to provide assistance for economic development under Chapter 380 of the Texas Local Government Code. The economic development must serve the purpose of promoting state or local economic development by stimulating business or commercial activity within the City. The assistance may be in the form of loans, grants, tax rebates and use of City personnel and services. The City has entered into Chapter 380 Economic Development Program Agreements with companies and has agreed to provide grants and rebates of hotel occupancy tax or sales tax.

Type of Business	Purpose	Tax Abated	Percent Abated	Amount Abated
Hotels	Construct and operate hotel	Hotel occupancy	40%	$ 13,750
Commercial	Construct new facility	Sales tax	50% of 1 cent	$ 8,403
Grocery Store	Construct new facility and operate grocery store	Sales tax	35% of 1 cent	$ 22,700

NOTE 15: SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the Organization and the duration cannot be estimated at this time.

November 16, 2020, the City issued $1,730,000 General Obligation Refunding Bonds, Series 2020 to refund $1,660,000 General Obligation Bonds, Series 2010. The refunding did not extend the final maturity and resulted in a net debt service savings of $203,995.

Subsequent events were evaluated through February 13, 2021, which is the date the financial statements were available to be issued.

NOTE 16: FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is effective for reporting periods beginning after December 15, 2019. The City has not yet determined the effect this statement will have on its financial reporting.

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REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT E-1

CITY OF RICHLAND HILLS, TEXAS
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property	$ 2,446,000	$ 2,446,000	$ 2,624,551	$ 178,551
Sales	3,152,300	3,152,300	3,368,867	216,567
Franchise	527,000	527,000	566,748	39,748
Fines and forfeitures	452,700	452,700	405,389	(47,311)
Licenses and permits	139,380	364,380	383,038	18,658
Charges for service	727,590	887,340	713,931	(173,409)
Intergovernmental revenue	-	-	15,167	15,167
Investment earnings	30,000	30,000	14,930	(15,070)
Other revenue	105,000	105,000	134,917	29,917
Total revenues	7,579,970	7,964,720	8,227,538	262,818
EXPENDITURES				
Current				
General government	1,564,096	1,494,096	1,214,119	279,977
Public safety	3,950,717	4,020,717	3,772,607	248,110
Public works	224,448	224,448	158,080	66,368
Culture and recreation	1,195,280	1,205,280	1,055,083	150,197
Parks and beautification	206,490	196,490	177,500	18,990
Community development	330,328	478,328	461,423	16,905
Capital outlay	-	719,733	719,733	-
Total expenditures	7,471,359	8,339,092	7,558,545	780,547
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	108,611	(374,372)	668,993	1,043,365
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of general capital assets	30,000	30,000	-	(30,000)
Capital lease	-	719,733	719,733	-
Transfers in	-	-	-	-
Transfers out	(291,844)	(291,844)	(291,844)	-
Total other financing sources (uses)	(261,844)	457,889	427,889	(30,000)
NET CHANGE IN FUND BALANCES	(153,233)	83,517	1,096,882	1,013,365
FUND BALANCE, OCTOBER 1, 2019	2,966,213	2,966,213	2,966,213	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 2,812,980	$ 3,049,730	$ 4,063,095	$ 1,013,365

The accompanying notes to required supplementary information are an integral part of this schedule.

EXHIBIT E-2

CITY OF RICHLAND HILLS, TEXAS
Crime Control District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Sales	$ 1,181,250	$ 1,181,250	$ 1,302,122	$ 120,872
Investment earnings	500	500	-	(500)
Intergovernmental revenues	12,000	12,000	4,995	(7,005)
Total revenues	1,193,750	1,193,750	1,307,117	113,367
EXPENDITURES				
Current				
Public safety	1,154,878	1,154,878	1,091,045	63,833
Capital outlay	243,187	243,187	185,246	57,941
Total expenditures	1,398,065	1,398,065	1,276,291	121,774
NET CHANGE IN FUND BALANCES	(204,315)	(204,315)	30,826	235,141
FUND BALANCE, OCTOBER 1, 2019	346,755	346,755	346,755	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 142,440	$ 142,440	$ 377,581	$ 235,141

The accompanying notes to required supplementary information are an integral part of this schedule.

EXHIBIT E-3

CITY OF RICHLAND HILLS, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	$ 687,735	$ 747,466	$ 768,050	$ 818,261	$ 902,607	$ 893,134
Interest (on the Total Pension Liability)	1,871,624	1,924,741	1,944,232	2,011,541	2,057,136	2,124,314
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(712,052)	(370,657)	$ (390,269)	$ (298,938)	$ 538	$ 113,437
Change of assumptions	-	212,735	-	-	-	81,366
Benefit payments, including refunds of employee contributions	(978,956)	(1,257,766)	(1,177,105)	(1,522,784)	(2,272,345)	(1,648,272)
Net Change in Total Pension Liability	868,351	1,256,519	1,144,908	1,008,080	687,936	1,563,979
Total Pension Liability - Beginning	26,883,097	27,751,448	29,007,967	30,152,875	31,160,955	31,848,891
Total Pension Liability - Ending	$ 27,751,448	$ 29,007,967	$ 30,152,875	$ 31,160,955	$ 31,848,891	$ 33,412,870
Plan Fiduciary Net Position						
Contributions - Employer	$ 721,134	$ 736,648	$ 675,283	$ 713,878	$ 774,634	738,471
Contributions - Employee	284,230	291,329	292,511	309,612	339,326	334,149
Net Investment Income	1,371,030	37,404	1,698,601	3,687,182	(891,663)	4,280,458
Benefit payments, including refunds of employee contributions	(978,956)	(1,257,766)	(1,177,105)	(1,522,784)	(2,272,345)	(1,648,272)
Administrative Expense	(14,314)	(22,782)	(19,182)	(19,106)	(17,234)	(24,197)
Other	(1,177)	(1,125)	(1,034)	(968)	(900)	(727)
Net Change in Plan Fiduciary Net Position	1,381,947	(216,292)	1,469,074	3,167,814	(2,068,182)	3,679,882
Plan Fiduciary Net Position - Beginning	23,965,772	25,347,719	25,131,427	26,600,501	29,768,315	27,700,132
Plan Fiduciary Net Position - Ending	$ 25,347,719	$ 25,131,427	$ 26,600,501	$ 29,768,315	$ 27,700,133	$ 31,380,014
Net Pension Liability - Ending	$ 2,403,729	$ 3,876,540	$ 3,552,374	$ 1,392,640	$ 4,148,758	$ 2,032,856
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.34%	86.64%	88.22%	95.53%	86.97%	93.92%
Covered Payroll	$ 4,060,434	$ 4,161,836	$ 4,178,724	$ 4,423,034	$ 4,847,513	4,773,564
Net Pension Liability as a Percentage of Covered Payroll	59.20%	93.14%	85.01%	31.49%	85.59%	42.59%

The accompanying notes to required supplementary information are an integral part of this schedule.

EXHIBIT E-4

CITY OF RICHLAND HILLS, TEXAS
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	$ 701,213	$ 722,326	$ 713,791	$ 711,966	$ 762,645	$ 752,726	708,466
Contributions in relation to the actuarially determined contribution	$ 701,213	$ 722,326	$ 713,791	$ 711,966	$ 762,645	$ 752,726	$ 708,466
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,013,063	$ 4,145,235	$ 4,303,832	$ 4,409,872	$ 4,755,061	$ 4,827,173	$ 4,544,174
Contributions as a percentage of covered payroll	17.47%	17.43%	16.59%	16.14%	16.04%	15.59%	15.59%

The accompanying notes to required supplementary information are an integral part of this schedule.

EXHIBIT E-5

CITY OF RICHLAND HILLS, TEXAS
Schedule of Changes in OPEB Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

	2017	2018	2019
Total OPEB Liability			
Service Cost	$ 9,731	$ 12,119	10,024
Interest (on the Total OPEB Liability)	9,484	9,578	10,292
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(11,178)	$ 1,385
Change of assumptions	20,853	(18,310)	51,104
Benefit payments, including refunds of employee contributions	(2,654)	(2,909)	(3,341)
Net Change in Total OPEB Liability	37,414	(10,700)	69,464
Total OPEB Liability - Beginning	247,352	284,766	274,066
Total OPEB Liability - Ending	$ 284,766	$ 274,066	$ 343,530
Covered Payroll	$ 4,423,034	$ 4,847,513	4,773,564
Total OPEB Liability as a Percentage of Covered Payroll	6.44%	5.65%	7.20%

The accompanying notes to required supplementary information are an integral part of this schedule.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Crime Control District, Court Building Security Special Revenue Fund, Richland Hills Development Corporation Special Revenue Fund, Court Technology Special Revenue Fund, Hotel Occupancy Tax Special Revenue Fund, Debt Service Fund, Road and Street Capital Project Fund, Oil & Gas Lease Capital Projects Fund and the Capital Projects Fund. All annual appropriations lapse at fiscal year end.

At least 35 days prior to the beginning of the budget year, October 1, the City Manager will submit his proposed city budget for the ensuing year to the City Council. From its date of submission, the proposed budget shall be a public record. The City Council shall hold a public hearing on the proposed budget at least 14 days before the beginning of the budget year. At least 10 days notice of such public hearing will be given by notice in the official newspaper. After a hearing, the City Council may make such changes it deems proper in the proposed budget and adopt a final budget prior to the beginning of the budget year. All budget hearings and actions on the budget shall be open to the public. If a final budget is not adopted by the beginning of the budget year, the proposed budget of the City Manager shall be deemed to have been approved. The budget shall go into effect on the first day of the budget year. The budget may be amended during the year only after complying with the notice procedure called for above for adoption of the budget. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either canceled or appropriately provided for in the subsequent year's budget.

The City's budget was properly amended throughout the year as needed.

B. Excess of Expenditures Over Appropriations

The following funds had actual expenditures that exceeded appropriations.

Fund	Amount	Explanation
Capital Projects	24,622	Minor equipment and building maintenance

C. Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Table. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

D. Schedule of Changes in OPEB Liability

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

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NONMAJOR GOVERNMENTAL FUNDS
COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

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SPECIAL REVENUE FUNDS
The special revenue funds are sued to account for the proceeds of specific revenue sources (other than major capital projects or proprietary funds) that are legally restricted to expenditures for specified purposes.

Court Building Security Fund is used to account for the City's share of fines to be used to enhance building security for municipal court.

The **Richland Hills Development Corporation** is a blended component unit which accounts for the promotion of infrastructure improvements, parks and park facilities and economic development within the City and the State of Texas in order to eliminate unemployment and underemployment and to promote and encourage employment and the public welfare of, for and on behalf of the City.

Court Technology Fund is used to account for the City's share of fines to be used for improvements to municipal court technology.

Red Light Camera Enforce Fund accounts for all revenues and expenditures related to red light cameras placed at intersections in the City.

The **Hotel Occupancy Tax Fund** accounts for the proceeds of a 7 percent hotel occupancy tax and expenditures related tourism.

The **Recreation Event Fund** accounts for recreational events that are hosted by the City.

The **Cares Act Grant COVID-19 Fund** is used to account for all expenditures of the Cares Act Grant the City received to aid them during the COVID-19 pandemic.

The **Crime Victim Liaison Fund** is used to account for expenses of the crime victim liaison cops grant.

DEBT SERVICE FUND
The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECT FUNDS
The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

The **Road and Street Fund** is used to account for intergovernmental revenue received from the Fort Worth Transportation Authority and improvements made to the City's infrastructure.

The **Oil and Gas Lease Fund** is used to account for the proceeds of the oil and gas lease bonus and future expenditures for capital projects.

The **Capital Projects Fund** accounts for the purchase of equipment by the City.

The **2019 Tax Notes Fund** accounts for the proceeds of the 2019 Tax Notes, which will be used for the demolition and renovation of space formerly used as a city jail to be used for city administrative uses, including conference rooms, training rooms, criminal investigation and related municipal use.

The **Baker Boulevard Projects Fund** is used to account for the receipts of the Baker Boulevard TIF zone and the green ribbon and intersection projects.

The **Link Activity Center Fund** is used to account for the construction of the multi-purpose community facility.

The **Vehicle Replacement Fund** accounts for replacement vehicles purchased by the City.

CITY OF RICHLAND HILLS, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2020

	Special Revenue							
	Court Building Security	Richland Hills Development Corporation	Court Technology	Red Light Camera Enforce	Hotel Occupancy Tax	Recreation Event	Cares Act Grant COVID-19	Crime Victim Liaison
ASSETS								
Cash	$ -	$ 661,284	$ -	$ -	$ 686	$ 1,825	$ 101,486	$ -
Investments	17,943	-	-	14,297	157,149	-	-	24,096
Receivables (Net of allowances for uncollectibles)								
Property tax	-	-	-	-	-	-	-	-
Sales tax	-	150,515	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Other	-	-	-	-	27,619	-	-	-
Total assets	$ 17,943	$ 811,799	$ -	$ 14,297	$ 185,454	1,825	101,486	24,096
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 9,197	$ -	$ -	$ 138	$ -	$ 5,632	$ -
Accrued liabilities	-	1,494	-	-	2,058	-	-	-
Unearned revenues	-	-	-	-	-	-	95,854	-
Total liabilities	-	10,691	-	-	2,196	-	101,486	-
Deferred inflows of resources								
Deferred revenue	-	-	-	-	21,957	-		-
Total deferred inflows of resources	-	-	-	-	21,957	-	-	-
Fund Balance:								
Restricted for:								
Public Safety	17,943	-		14,297	-	-	-	24,096
Economic Development	-	801,108	-	-	161,301	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	1,825	-	-
Total fund balances	17,943	801,108	-	14,297	161,301	1,825	-	24,096
Total liabilities, deferred inflows of resources and fund balances	$ 17,943	$ 811,799	$ -	$ 14,297	$ 185,454	$ 1,825	$ 101,486	$ 24,096

		Capital Projects								
Total Special Revenue Funds	Debt Service	Road and Street	Oil & Gas Lease	Capital Projects	2019 Tax Notes	Baker Boulevard Projects	Link Activity Center	Vehicle Replacement	Total Capital Projects Funds	Total Nonmajor Funds
$ 765,281	$ 1,017	$ 900,822	$ 70,000	$ -	$ -	$ -	$ 82,947	$ 22,885	$ 1,076,654	$ 1,842,952
213,485	385,278	-	179,385	232,980	673,379	944,684	-	-	2,030,428	2,629,191
-	11,998	-	-	-	-	-	-	-	-	11,998
150,515	-	225,772	-	-	-	-	-	-	225,772	376,287
-	-	-	-	26,833	-	-	-	-	26,833	26,833
27,619	-	-	6,822	-	-	-	-	-	6,822	34,441
$ 1,156,900	$ 398,293	$ 1,126,594	$ 256,207	$ 259,813	$ 673,379	$ 944,684	$ 82,947	$ 22,885	$ 3,366,509	$ 4,921,702
$ 14,967	$ 1,000	$ 757	$ -	$ 14,415	$ -	$ -	$ -	$ -	$ 15,172	$ 31,139
3,552	-	-	-	-	-	-	-	-	-	3,552
95,854	-	-	-	-	-	-	-		-	95,854
114,373	1,000	757	-	14,415	-	-	-	-	15,172	130,545
21,957	11,998	-	-	-	-	-	-	-	-	33,955
21,957	11,998	-	-	-	-	-	-	-	-	33,955
56,336	-	-	-	-	-	-	-	-	-	56,336
962,409	-	-	-	-	-	-	-	-	-	962,409
-	385,295	-	-	-	-	-	-	-	-	385,295
-	-	1,125,837	256,207	-	673,379	944,684	82,947	-	3,083,054	3,083,054
1,825	-	-	-	245,398	-	-	-	22,885	268,283	270,108
1,020,570	385,295	1,125,837	256,207	245,398	673,379	944,684	82,947	22,885	3,351,337	4,757,202
$ 1,156,900	$ 398,293	$ 1,126,594	$ 256,207	$ 259,813	$ 673,379	$ 944,684	$ 82,947	$ 22,885	$ 3,366,509	$ 4,921,702

CITY OF RICHLAND HILLS, TEXAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30, 2020

	Special Revenue							
	Court Building Security	Richland Hills Development Corporation	Court Technology	Red Light Camera Enforce	Hotel Occupancy Tax	Recreation Event	Cares Act Grant COVID-19	Crime Victim Liaison
REVENUES								
Taxes:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales	-	861,952	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	-	85,603	-	-	-
Fines and forfeitures	7,157	-	7,678	1,456	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	339,746	-
Investment earnings	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	2,500	-	-
Total revenue	7,157	861,952	7,678	1,456	85,603	2,500	339,746	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	1,422	-	7,678	47,458	-	-	339,746	-
Culture and recreation	-	-	-	-	-	675	-	-
Economic development	-	185,850	-	-	82,863	-	-	-
Capital Outlay	-	131,884	-	-	-	-	-	-
Debt Service								
Principal	-	125,000	-	-	55,000	-	-	-
Interest	-	104,313	-	-	47,063	-	-	-
Total expenditures	1,422	547,047	7,678	47,458	184,926	675	339,746	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,735	314,905	-	(46,002)	(99,323)	1,825	-	-
Other financing sources (uses):								
Gain/loss on the sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-			-
Total other financing sources (uses):	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	5,735	314,905	-	(46,002)	(99,323)	1,825	-	-
FUND BALANCE, OCTOBER 1, 2019	12,208	486,203	-	60,299	260,624	-	-	24,096
FUND BALANCE, SEPTEMBER 30, 2020	$ 17,943	$ 801,108	$ -	$ 14,297	$ 161,301	$ 1,825	$ -	$ 24,096

Total Special Revenue Funds	Debt Service	Capital Projects: Road and Street	Oil & Gas Lease	Capital Projects	2019 Tax Notes	Baker Boulevard Projects	Link Activity Center	Vehicle Replacement	Total Capital Projects Funds	Total Nonmajor Funds
$ -	$ 913,885	$ -	$ -	$ -	$ -	$ 163,957	$ -	$ -	$ 163,957	$ 1,077,842
861,952	-	1,292,928	-	-	-	80,580	-	-	1,373,508	2,235,460
85,603	-	-	-	-	-	-	-	-	-	85,603
16,291	-	-	-	-	-	-	-	-	-	16,291
339,746	-	-	-	96,253	-	-	-	-	96,253	435,999
-	-	-	-	-	6,161	-	-	-	6,161	6,161
2,500	-	-	34,963	-	15,334	-	-	-	50,297	52,797
1,306,092	913,885	1,292,928	34,963	96,253	21,495	244,537	-	-	1,690,176	3,910,153
-	3,500	-	-	43,180	-	-	-	-	43,180	46,680
396,304	-	-	-	57,976	-	-	-	-	57,976	454,280
675	-	-	-	-	-	-	-	-	-	675
268,713	-	-	-	-	-	-	-	-	-	268,713
131,884	-	442,557	-	116,220	48,883	-	9,017	-	616,677	748,561
180,000	401,250	-	-	112,804	-	-	-	-	112,804	694,054
151,376	487,174	-	-	29,466	-	-	-	-	29,466	668,016
1,128,952	891,924	442,557	-	359,646	48,883	-	9,017	-	860,103	2,880,979
177,140	21,961	850,371	34,963	(263,393)	(27,388)	244,537	(9,017)	-	830,073	1,029,174
-	-				-			22,885	22,885	22,885
-	-	-	-	291,844	-	-	-		291,844	291,844
-	-	-	-	291,844	-	-	-	22,885	314,729	314,729
177,140	21,961	850,371	34,963	28,451	(27,388)	244,537	(9,017)	22,885	1,144,802	1,343,903
843,430	363,334	275,466	221,244	216,947	700,767	700,147	91,964	-	2,206,535	3,413,299
$ 1,020,570	$ 385,295	$ 1,125,837	$ 256,207	$ 245,398	$ 673,379	$ 944,684	$ 82,947	$ 22,885	$ 3,351,337	$ 4,757,202

EXHIBIT G-1

CITY OF RICHLAND HILLS, TEXAS
Court Building Security Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and forfeitures	$ 6,800	$ 6,800	$ 7,157	$ 357
Total revenues	6,800	6,800	7,157	357
EXPENDITURES				
Current				
Public safety	6,800	6,800	1,422	5,378
Total expenditures	6,800	6,800	1,422	5,378
NET CHANGE IN FUND BALANCES	-	-	5,735	5,735
FUND BALANCE, OCTOBER 1, 2019	12,208	12,208	12,208	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 12,208	$ 12,208	$ 17,943	$ 5,735

EXHIBIT G-2

CITY OF RICHLAND HILLS, TEXAS
Richland Hills Development Corporation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Sales	$ 800,000	$ 800,000	$ 861,952	$ 61,952
Investment earnings	110	110	-	(110)
Total revenues	800,110	800,110	861,952	61,842
EXPENDITURES				
Economic development	181,793	181,793	185,850	(4,057)
Capital outlay	400,000	400,000	131,884	268,116
Debt service:				
Principal	125,000	125,000	125,000	-
Interest and fiscal agent charges	104,313	104,313	104,313	-
Total expenditures	811,106	811,106	547,047	264,059
NET CHANGE IN FUND BALANCES	(10,996)	(10,996)	314,905	325,901
FUND BALANCE, OCTOBER 1, 2019	486,203	486,203	486,203	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 475,207	$ 475,207	$ 801,108	$ 325,901

EXHIBIT G-3

CITY OF RICHLAND HILLS, TEXAS
Court Technology Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and forfeitures	$ 9,100	$ 9,100	$ 7,678	$ (1,422)
Total revenues	9,100	9,100	7,678	(1,422)
EXPENDITURES				
Current				
Public safety	9,100	9,100	7,678	1,422
Total expenditures	9,100	9,100	7,678	1,422
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, OCTOBER 1, 2019	-	-	-	-
FUND BALANCE, SEPTEMBER 30, 2020	$ -	$ -	$ -	$ -

EXHIBIT G-4

CITY OF RICHLAND HILLS, TEXAS
Hotel Occupancy Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Hotel occupancy tax	$ 235,000	$ 235,000	$ 85,603	$ (149,397)
Total revenues	235,000	235,000	85,603	(149,397)
EXPENDITURES				
Economic development	133,108	133,108	82,863	50,245
Debt service:				
Principal	55,000	55,000	55,000	-
Interest and fiscal agent charges	47,063	47,063	47,063	-
Total expenditures	235,171	235,171	184,926	50,245
NET CHANGE IN FUND BALANCES	(171)	(171)	(99,323)	(99,152)
FUND BALANCE, OCTOBER 1, 2019	260,624	260,624	260,624	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 260,453	$ 260,453	$ 161,301	$ (99,152)

EXHIBIT G-5

CITY OF RICHLAND HILLS, TEXAS
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property taxes	$ 953,138	$ 953,138	$ 913,885	$ (39,253)
Total revenues	953,138	953,138	913,885	(39,253)
EXPENDITURES				
General government	-	-	3,500	(3,500)
Debt service:				
Principal	416,250	416,250	401,250	15,000
Interest and fiscal agent charges	536,888	536,888	487,174	49,714
Total expenditures	953,138	953,138	891,924	61,214
NET CHANGE IN FUND BALANCES	-	-	21,961	21,961
FUND BALANCE, OCTOBER 1, 2019	363,334	363,334	363,334	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 363,334	$ 363,334	$ 385,295	$ 21,961

EXHIBIT G-6

CITY OF RICHLAND HILLS, TEXAS
Road and Street Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Sales	$ 1,200,000	$ 1,200,000	$ 1,292,928	$ 92,928
Total revenues	1,200,000	1,200,000	1,292,928	92,928
EXPENDITURES				
Capital outlay	1,200,000	1,200,000	442,558	757,442
Total expenditures	1,200,000	1,200,000	442,558	757,442
NET CHANGE IN FUND BALANCES	-	-	850,370	850,370
FUND BALANCE, OCTOBER 1, 2019	275,466	275,466	275,466	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 275,466	$ 275,466	$ 1,125,836	$ 850,370

EXHIBIT G-7

CITY OF RICHLAND HILLS, TEXAS
Oil & Gas Lease Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Other revenue	$ 90,000	$ 90,000	$ 34,963	$ (55,037)
Total revenues	90,000	90,000	34,963	(55,037)
EXPENDITURES				
Capital outlay	90,000	90,000	-	90,000
Total expenditures	90,000	90,000	-	90,000
NET CHANGE IN FUND BALANCES	-	-	34,963	34,963
FUND BALANCE, OCTOBER 1, 2019	221,244	221,244	221,244	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 221,244	$ 221,244	$ 256,207	$ 34,963

EXHIBIT G-8

CITY OF RICHLAND HILLS, TEXAS
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenue	$ -	$ -	$ 96,253	$ 96,253
Total revenues	-	-	96,253	96,253
EXPENDITURES				
Current				
General government	-	-	43,180	(43,180)
Public safety	-	-	57,976	(57,976)
Capital outlay	147,345	147,345	116,220	31,125
Debt service:				
Principal	119,523	119,523	112,852	6,671
Interest and fiscal agent charges	24,976	24,976	29,418	(4,442)
Total expenditures	291,844	291,844	359,646	(24,622)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(291,844)	(291,844)	(263,393)	28,451
OTHER FINANCING SOURCES (USES)				
Transfers in	291,844	291,844	291,844	-
Total other financing sources (uses)	291,844	291,844	291,844	-
NET CHANGE IN FUND BALANCES	-	-	28,451	28,451
FUND BALANCE, OCTOBER 1, 2019	216,947	216,947	216,947	-
FUND BALANCE, SEPTEMBER 30, 2020	$ 216,947	$ 216,947	$ 245,398	$ 28,451

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STATISTICAL DATA
(Unaudited)

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CITY OF RICHLAND HILLS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020
STATISTICAL SECTION INDEX
(Unaudited)

This part of the City of Richland Hills' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	TABLES
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-4
REVENUE CAPACITY These schedules contain information to help the reader assess the government's most significant local revenue sources, property and sales tax.	5-10
DEBT CAPACITY These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	11-15
DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	16-17
OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	18-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports of the relevant year.

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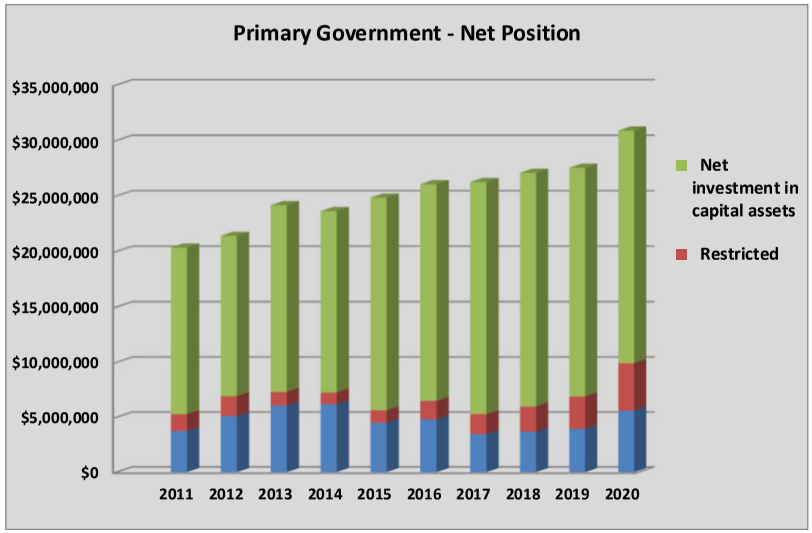
CITY OF RICHLAND HILLS, TEXAS **TABLE 1**
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Governmental activities:										
Net investment in capital assets	$ 7,815,576	$ 7,603,080	$ 9,777,284	$ 10,136,996	$ 10,450,781	$ 10,653,314	$11,342,503	$10,617,667	$9,925,810	$9,928,481
Restricted	1,542,536	1,811,780	1,245,956	1,069,428	1,127,400	1,692,036	1,812,889	2,298,796	2,946,115	4,304,087
Unrestricted	2,564,977	2,359,827	2,240,995	3,410,142	2,205,841	2,791,787	1,415,184	1,708,787	1,718,246	2,675,729
Total governmental activities net position	$ 11,923,089	$ 11,774,687	$ 13,264,235	$ 14,616,566	$ 13,784,022	$ 15,137,137	$14,570,576	$14,625,250	$14,590,171	$16,908,297
Business-type activities:										
Net investment in capital assets	$ 7,255,716	$ 6,893,293	$ 7,096,222	$ 6,254,783	$ 8,788,016	$ 8,921,383	$9,637,000	$10,501,116	$10,728,810	$11,062,511
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,170,660	2,745,136	3,811,452	2,770,715	2,284,595	2,010,464	2,053,701	1,968,931	2,230,173	2,928,819
Total business-type activities net position	$ 8,426,376	$ 9,638,429	$ 10,907,674	$ 9,025,498	$ 11,072,611	$ 10,931,847	$11,690,701	$12,470,047	$12,958,983	$13,991,330
Primary government:										
Net investment in capital assets	$ 15,071,292	$ 14,496,373	$ 16,873,506	$ 16,391,779	$ 19,238,797	$ 19,574,697	$20,979,503	$21,118,783	$20,654,620	$20,990,992
Restricted	1,542,536	1,811,780	1,245,956	1,069,428	1,127,400	1,692,036	1,812,889	2,298,796	2,946,115	4,304,087
Unrestricted	3,735,637	5,104,963	6,052,447	6,180,857	4,490,436	4,802,251	3,468,885	3,677,718	3,948,419	5,604,548
Total primary government activities net position	$ 20,349,465	$ 21,413,116	$ 24,171,909	$ 23,642,064	$ 24,856,633	$ 26,068,984	$26,261,277	$27,095,297	$27,549,154	$30,899,627



CITY OF RICHLAND HILLS, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
EXPENSES				
Governmental activities:				
General government	$ 452,544	$ 628,950	$ 654,916	$ 1,241,332
Public safety	5,032,257	4,903,622	4,977,046	5,023,432
Public works	1,151,899	1,211,553	716,031	641,584
Culture and recreation	453,741	389,982	435,470	422,537
Parks and beautification	21,182	34,013	15,628	88,408
Community development	612,100	614,100	757,894	769,346
Economic development	-	-	-	-
Interest and fiscal agent charges	56,979	79,132	70,283	36,102
Bond issuance costs	-	-	-	-
Total governmental activities expenses	7,780,702	7,861,352	7,627,268	8,222,741
Business-type activities:				
Water and wastewater	3,845,749	3,647,012	3,183,727	5,183,820
Drainage utility	440,644	328,298	548,407	2,493,216
Total business-type activities expenses	4,286,393	3,975,310	3,732,134	7,677,036
Total primary government expenses	$ 12,067,095	$ 11,836,662	$ 11,359,402	$ 15,899,777
PROGRAM REVENUES				
Governmental activities:				
Charges for services	$ 1,309,146	$ 1,040,455	$ 1,281,205	$ 1,223,032
Operating grants and contributions	268,290	377,544	382,669	332,703
Capital grants and contributions	393,993	280,848	1,885,625	173,007
Total governmental activities program revenues	1,971,429	1,698,847	3,549,499	1,728,742
Business-type activities				
Charges for services	5,283,041	5,058,622	4,933,914	4,697,772
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	5,283,041	5,058,622	4,933,914	4,697,772
Total primary government program revenues	$ 7,254,470	$ 6,757,469	$ 8,483,413	$ 6,426,514
NET (EXPENSE) REVENUE				
Governmental activities	$ (5,809,273)	$ (6,162,505)	$ (4,077,769)	$ (6,493,999)
Business-type activities	996,648	1,083,312	1,201,780	(2,979,264)
Total primary government net expense	$ (4,812,625)	$ (5,079,193)	$ (2,875,989)	$ (9,473,263)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	$ 2,197,570	$ 2,204,507	$ 2,174,946	$ 2,309,156
Sales	2,593,770	3,077,839	2,743,469	3,852,303
Franchise	509,015	651,374	471,759	602,352
Hotel occupancy	152,597	182,112	194,967	210,250
Investment earnings	3,806	2,416	2,076	1,078
Miscellaneous	97,145	12,053	8,513	8,777
Gain (loss) on retirement of capital assets	-	-	28,678	(269,203)
Transfers in (out)	(300,788)	(116,198)	(57,091)	413,985
Total governmental activities	5,253,115	6,014,103	5,567,317	7,128,698
Business-type activities:				
Investment earnings	6,347	4,618	4,141	1,529
Miscellaneous	5,728	7,925	6,233	10,397
Transfers in (out)	300,788	116,198	57,091	(413,983)
Total business-type activities	312,863	128,741	67,465	(402,057)
Total primary government	$ 5,565,978	$ 6,142,844	$ 5,634,782	$ 6,726,641
Change in Net Position				
Governmental activities	$ (556,158)	$ (148,402)	$ 1,489,548	$ 634,699
Business-type activies	1,309,511	1,212,053	1,269,245	(3,381,321)
Total primary government	$ 753,353	$ 1,063,651	$ 2,758,793	$ (2,746,622)

(Continued)

TABLE 2

Fiscal Year					
2015	**2016**	**2017**	**2018**	**2019**	**2020**
$ 1,182,618	$ 1,297,325	$ 2,070,959	$ 1,735,244	$ 1,802,970	$ 1,305,958
4,898,102	5,250,251	5,377,655	5,710,989	6,030,013	5,895,176
695,387	743,555	682,106	664,835	929,775	690,123
413,433	445,559	1,445,683	1,366,158	1,585,385	1,362,787
74,723	45,555	565,333	567,625	660,430	644,340
787,272	527,634	387,387	476,545	282,211	472,435
-	184,833	113,213	127,644	202,730	268,713
33,408	272,493	422,212	427,832	447,445	585,288
-	269,037	-	5,852	203,390	-
8,084,943	9,036,242	11,064,548	11,082,724	12,144,349	11,224,820
3,801,600	3,939,736	3,574,827	3,463,115	4,163,091	3,563,124
399,214	609,757	604,158	686,287	663,439	584,961
4,200,814	4,549,493	4,178,985	4,149,402	4,826,530	4,148,085
$ 12,285,757	$ 13,585,735	$ 15,243,533	$ 15,232,126	$ 16,970,879	$ 15,372,905
$ 1,115,626	$ 1,400,803	$ 1,481,181	$ 1,775,163	$ 1,711,007	$ 1,509,317
324,176	212,901	225,025	196,804	29,361	368,625
298,227	364,313	4,148	39,582	205,260	118,210
1,738,029	1,978,017	1,710,354	2,011,549	1,945,628	1,996,152
4,698,246	4,916,055	5,058,451	5,144,552	5,142,527	5,167,724
-	-	173,079	9,585	145,000	-
4,698,246	4,916,055	5,231,530	5,154,137	5,287,527	5,167,724
$ 6,436,275	$ 6,894,072	$ 6,941,884	$ 7,165,686	$ 7,233,155	$ 7,163,876
$ (6,346,914)	$ (7,058,225)	$ (9,354,194)	$ (9,071,175)	$ (10,198,721)	$ (9,228,668)
497,432	366,562	1,052,545	1,004,735	460,997	1,019,639
$ (5,849,482)	$ (6,691,663)	$ (8,301,649)	$ (8,066,440)	$ (9,737,724)	$ (8,209,029)
$ 2,324,952	$ 2,364,093	$ 2,839,255	$ 2,972,668	$ 3,199,055	$ 3,707,148
4,023,815	4,471,407	4,735,759	5,081,993	5,851,598	6,906,449
590,583	599,094	512,109	560,282	650,388	547,312
210,250	232,946	226,677	231,045	200,577	85,603
9,701	2,992	16,669	33,085	46,896	73,895
8,777	232,653	97,487	149,513	166,686	226,387
6,452	-	61,519	106,522	48,442	-
413,985	508,155	298,158	210,192	-	-
7,588,515	8,411,340	8,787,633	9,345,300	10,163,642	11,546,794
1,542	829	4,467	12,704	27,939	12,708
10,397	-	-	-	-	-
(413,985)	(508,155)	(298,158)	(210,192)	-	-
(402,046)	(507,326)	(293,691)	(197,488)	27,939	12,708
$ 7,186,469	$ 7,904,014	$ 8,493,942	$ 9,147,812	$ 10,191,581	$ 11,559,502
$ 1,241,601	$ 1,353,115	$ (566,561)	$ 274,125	$ (35,079)	$ 2,318,126
95,386	(140,764)	758,854	807,247	488,936	1,032,347
$ 1,336,987	$ 1,212,351	$ 192,293	$ 1,081,372	$ 453,857	$ 3,350,473

(concluded)

CITY OF RICHLAND HILLS, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
General Fund				
Nonspendable	$ 830,477	$ 663,958	$ 432,896	$ 487,319
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,496,041	1,404,689	1,549,578	2,384,982
Total general fund	$ 2,326,518	$ 2,068,647	$ 1,982,474	$ 2,872,301
All Other Governmental Funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	$ 1,615,422	$ 1,819,068	$ 1,411,511	$ 1,511,691
Assigned	23,425	23,425	23,425	23,425
Unassigned	-	(47,496)	(40,487)	(367,364)
Total all other governmental funds	$ 1,638,847	$ 1,794,997	$ 1,394,449	$ 1,167,752

(Continued)

TABLE 3

Fiscal Year					
2015	**2016**	**2017**	**2018**	**2019**	**2020**
$ -	$ 46,221	$ 1,813	$ 63,242	$ 22,013	$ 49,732
-	57,661	59,086	64,622	94,408	100,793
-	-	-	-	-	-
-	-	-	-	-	-
3,031,436	3,883,656	2,630,467	2,827,940	2,849,792	3,912,570
$ 3,031,436	$ 3,987,538	$ 2,691,366	$ 2,955,804	$ 2,966,213	$ 4,063,095
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
$ 1,513,668	$ 11,552,448	$ 2,347,740	$ 2,395,212	$ 9,549,679	$ 10,166,690
23,425	40,711	2,711	2,711	216,947	270,108
(216,619)	(91,145)	-	-	-	-
$ 1,320,474	$ 11,502,014	$ 2,350,451	$ 2,397,923	$ 9,766,626	$ 10,436,798

(concluded)

CITY OF RICHLAND HILLS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
REVENUES				
Taxes	$ 5,683,400	$ 6,074,453	$ 5,634,403	$ 6,959,860
Fines and forfeitures	623,663	638,238	901,659	775,521
Licenses and permits	274,680	144,736	99,370	131,148
Charges for service	253,010	263,253	279,873	260,172
Intergovernmental	499,954	337,263	1,989,549	309,768
Investment earnings	3,806	2,416	2,076	1,078
Miscellaneous	191,828	340,957	287,258	204,719
Total revenues	7,530,341	7,801,316	9,194,188	8,642,266
EXPENDITURES				
Current operations:				
General government	424,446	838,508	610,000	1,181,854
Public safety	4,575,681	4,728,371	4,677,900	4,788,070
Public works	276,251	298,169	394,109	252,849
Culture and recreation	382,008	370,103	389,945	378,424
Parks and beutification	10,378	26,991	8,110	81,620
Community development	592,442	620,579	753,020	769,346
Economic development	-	-	-	-
Capital outlay	1,235,800	537,927	2,853,936	921,268
Debt service:				
Principal	331,000	293,000	308,000	330,000
Interest and fiscal agent charges	83,958	73,191	81,240	36,404
Bond issuance costs	-	-	-	-
Total expenditures	7,911,964	7,786,839	10,076,260	8,739,835
Excess (deficiency) of revenues over (under) expenditures	(381,623)	14,477	(882,072)	(97,569)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	40,709	-	37,442	-
Proceeds from capital lease	-	-	-	-
Proceeds of bond issuance	473,000	-	415,000	-
Refund on existing debt	-	-	-	-
Bond issuance premium		-	-	-
Proceeds from insurance recovery	50,146	-	-	-
Transfers in	133,006	144,110	146,707	705,559
Transfers out	(333,006)	(260,308)	(203,798)	(291,574)
Total other financing sources (uses)	363,855	(116,198)	395,351	413,985
Net change in fund balances	$ (17,768)	$ (101,721)	$ (486,721)	$ 316,416
Debt service as a percentage of non-capital expenditures	6.22%	5.05%	5.39%	4.69%

(Continued)

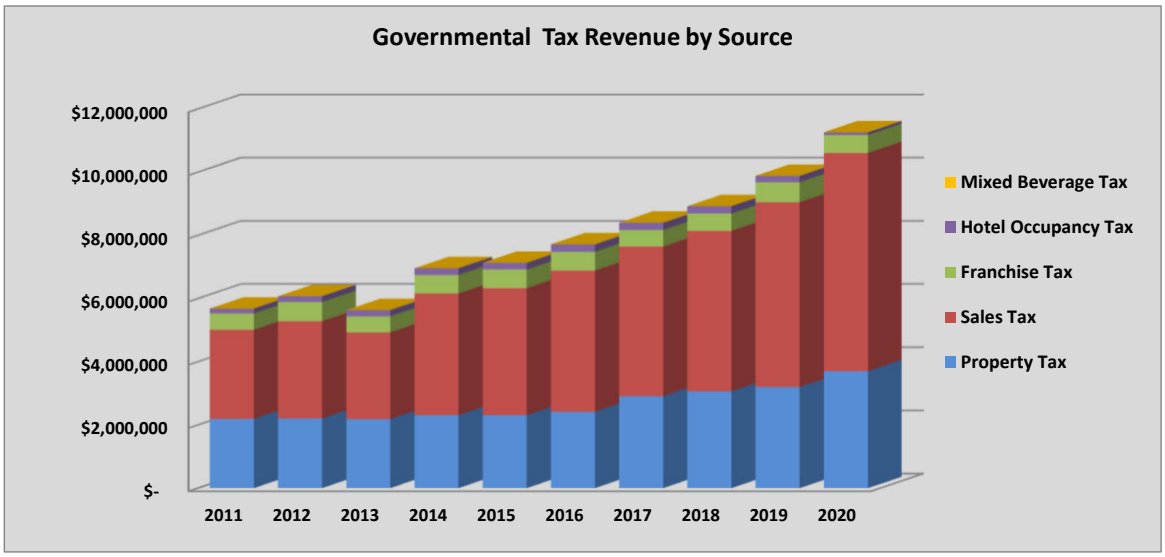
TABLE 4

Fiscal Year					
2015	**2016**	**2017**	**2018**	**2019**	**2020**
$ 7,131,372	$ 7,715,290	$ 8,400,231	$ 8,923,509	$ 9,883,901	$ 11,261,193
775,521	953,662	784,004	755,599	747,816	421,680
131,148	155,834	168,640	138,751	168,765	383,038
260,172	316,544	407,685	687,291	694,494	713,931
485,486	280,429	428,826	212,493	209,449	456,161
1,078	2,992	16,669	33,085	46,896	73,895
145,694	233,745	121,224	173,406	191,858	193,276
8,930,471	9,658,496	10,327,279	10,924,134	11,943,179	13,503,174
1,181,854	1,288,242	2,102,399	1,693,517	1,720,769	1,260,799
4,789,942	4,948,279	4,955,726	5,415,041	5,355,003	5,317,932
252,849	292,570	173,764	185,479	240,479	158,080
378,425	403,527	726,122	1,041,613	1,076,150	1,055,758
81,620	45,555	134,826	125,182	216,351	177,500
769,346	438,384	381,325	481,077	275,784	461,423
-	184,833	113,213	127,644	202,730	268,713
895,743	4,917,553	11,855,499	953,090	1,359,363	2,416,463
330,000	355,451	254,729	405,610	402,540	694,054
36,404	24,799	669,467	471,912	464,340	668,016
-	269,037	-	5,852	203,390	-
8,716,183	13,168,230	21,367,070	10,906,017	11,516,899	12,478,738
214,288	(3,509,734)	(11,039,791)	18,117	426,280	1,024,436
6,452	40,711	61,519	77,295	48,442	22,885
-	-	232,379	-	-	719,733
-	13,475,000	-	228,750	6,340,000	-
-	-	-	(222,444)	-	-
-	623,510	-	-	564,390	-
-	-	-	-	-	-
705,560	942,848	2,498,158	2,061,600	610,959	291,844
(291,575)	(434,693)	(2,200,000)	(1,851,408)	(610,959)	(291,844)
420,437	14,647,376	592,056	293,793	6,952,832	742,618
$ 634,725	$ 11,137,642	$ (10,447,735)	$ 311,910	$ 7,379,112	$ 1,767,054
4.69%	4.61%	9.36%	8.79%	8.21%	13.53%

(concluded)

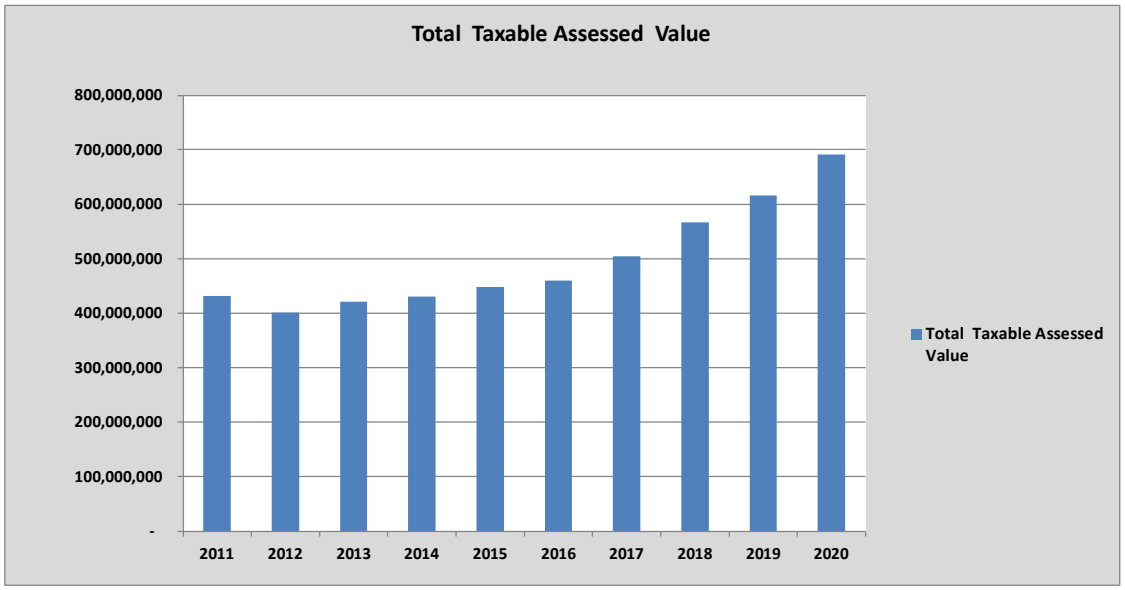
CITY OF RICHLAND HILLS, TEXAS **TABLE 5**
GOVERNMENTAL FUNDS
TAX REVENUE BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Mixed Beverage Tax	Franchise Tax	Hotel Occupancy Tax	Total Tax Revenue
2011	2,194,904	2,816,917	1,661	517,321	152,597	5,683,400
2012	2,205,032	3,076,426	1,413	609,470	182,112	6,074,453
2013	2,187,394	2,741,969	1,500	508,573	194,967	5,634,403
2014	2,306,724	3,850,729	1,574	590,583	210,250	6,959,860
2015	2,306,724	4,021,746	2,069	590,583	210,250	7,131,372
2016	2,416,008	4,469,203	2,204	594,929	232,946	7,715,290
2017	2,909,940	4,733,430	2,329	527,855	226,677	8,400,231
2018	3,061,504	5,080,421	1,572	548,966	231,045	8,923,508
2019	3,198,614	5,849,484	2,114	633,112	200,577	9,883,901
2020	3,702,393	6,904,809	1,640	566,748	85,603	11,261,193



CITY OF RICHLAND HILLS, TEXAS **TABLE 6**
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Assessed Property Value					Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential Property	Commercial Property	Industrial Property	Other Property	Personal Property					
2011	268,570,340	114,245,698	10,064,358	507,056	73,756,974	35,562,818	431,581,608	0.518012	431,581,608	100.0%
2012	245,970,064	108,710,252	10,440,987	435,104	71,202,225	35,315,955	401,442,677	0.551757	401,442,677	100.0%
2013	233,751,444	132,749,662	11,100,542	4,133,920	78,054,664	39,336,819	420,453,413	0.528094	420,453,413	100.0%
2014	244,644,818	133,773,931	11,034,455	5,204,810	83,241,474	47,763,360	430,136,128	0.528094	430,136,128	100.0%
2015	249,818,804	140,619,127	10,954,105	8,567,090	88,156,960	49,823,877	448,292,209	0.528094	448,292,209	100.0%
2016	252,248,877	148,470,367	10,935,105	6,433,902	89,767,063	48,639,210	459,216,104	0.528805	459,216,104	100.0%
2017	283,204,384	164,847,074	13,090,988	497,316	94,503,549	51,585,738	504,557,573	0.595633	504,557,573	100.0%
2018	317,868,306	199,515,427	14,298,894	111,002	101,993,372	67,615,182	566,171,819	0.563738	566,171,819	100.0%
2019	352,011,740	208,140,145	15,195,814	341,130	108,277,963	67,797,937	616,168,855	0.541880	616,168,855	100.0%
2020	394,094,551	231,526,855	20,884,453	1,805,720	109,575,049	67,301,522	690,585,106	0.558551	690,585,106	100.0%



Source: Tarrant Appraisal District

Note: Property in the City is reassessed each year by the Tarrant Appraisal District.
Property is assessed at actual value; therefore,the assessed values are equal to actual value.

CITY OF RICHLAND HILLS, TEXAS **TABLE 7**
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Unaudited)

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OVERLAPPING RATES										
Tarrant County	0.264000	0.264000	0.264000	0.264000	0.264000	0.264000	0.244000	0.244000	0.234000	0.234000
Tarrant County Hospital District	0.227897	0.227897	0.227897	0.227897	0.227897	0.227897	0.224429	0.224429	0.224429	0.224429
Tarrant County College District	0.137640	0.148970	0.148970	0.149500	0.149500	0.149500	0.140060	0.140060	0.136070	0.130170
Birdville Independent School District	1.425000	1.435000	1.435000	1.435000	1.435000	1.453900	1.453900	1.453900	1.453900	1.383900
CITY DIRECT RATES										
Operating & Maintenance	0.466951	0.485915	0.465214	0.467694	0.469092	0.470680	0.471433	0.460847	0.450755	0.418051
Interest & Sinking	0.051061	0.065842	0.062880	0.060400	0.059002	0.058125	0.124200	0.102891	0.091125	0.140500
Total Direct Rate	0.518012	0.551757	0.528094	0.528094	0.528094	0.528805	0.595633	0.563738	0.541880	0.558551
Total Direct & Overlapping Rate	2.572549	2.627624	2.603961	2.604491	2.604491	2.624102	2.658022	2.626127	2.590279	2.531050

Sources: Tarrant Appraisal District and City records.

Note: All rates per $100 assessed value.
Totals are not provided for columns since they would be meaningless.
Some of the jurisdictions are mutually exclusive.

CITY OF RICHLAND HILLS, TEXAS **TABLE 8**
PRINCIPAL PROPERTY TAXPAYERS
Current and Nine Years Ago
(Unaudited)

		2020			2011		
Taxpayer	**Industry**	**2019 Taxable Assessed Valuation****	**Rank**	**Percentage of Total Taxable Assesed Valuation**	**2010 Taxable Assessed Valuation***	**Rank**	**Percentage of Total Taxable Assesed Valuation**
EEBB Apartment LTD	Apartments	$ 20,450,000	1	3.0%	$ -		-
356 Midway Venture LLC	Real Estate/Commercial	17,822,360	2	2.6%	-		-
Buyers Barricades Inc.	Retailer	11,560,781	3	1.7%	-		-
WalMart Stores Texas LLC	Grocery store	7,546,994	4	1.1%	-		-
Stuart C Irby Company	Retailer	7,362,669	5	1.1%	4,044,592	6	0.9%
Hung Properties #1 LP	Real Estate/Commercial	6,100,000	6	0.9%	-		-
CN Churchill II and III LC	Hotel	6,078,577	7	0.9%	-		-
Burns Road Building LTD	Real Estate/Commercial	5,483,058	8	0.8%			
Linron Properties LTD	Real Estate/Commercial	5,093,293	9	0.7%			
Oncor Electric Co	Utility	4,961,817	10	0.7%	4,579,664	4	1.1%
First Industrial, LP	Real Estate/Commercial				12,020,694	1	
Southwestern Bell	Utility	-		-	8,567,481	2	2.0%
CNN Churchill III	Hotel				5,659,087	3	
Nuclear Logistics Inc.	Retailer	-		-	4,115,122	5	7.8%
Edward L. Baker	Real Estate/Commercial	-		-	3,981,005	7	0.9%
Regency Raintree	Apartments	-		-	3,775,000	8	0.9%
AHC Richland Hill LLC	Senior living				3,198,197	9	
Composites One LLC	Retailer	-		-	2,662,489	10	0.6%
				-			0.0%
Total		$ 92,459,549		13.4%	$ 52,603,331		12.2%
Total assessed value of other taxpayers		598,125,557		86.6%	378,978,277		87.8%
Total assessed value of all taxpayers		$ 690,585,106		100.0%	$ 431,581,608		100.0%

Source: Tarrant Appraisal District
* Taxpayers assessed on January 1, 2010 (2010 tax year) for the 2010-2011 fiscal year.
** Taxpayers assessed on January 1, 2019 (2019 tax year) for the 2019-2020 fiscal year.

CITY OF RICHLAND HILLS, TEXAS **TABLE 9**
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

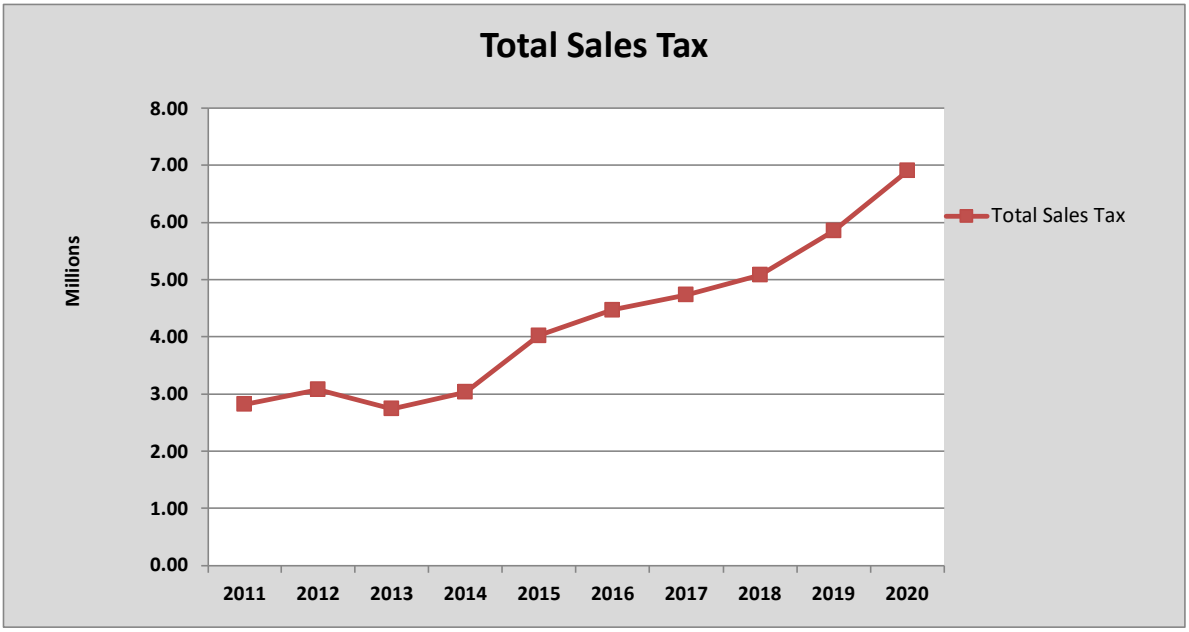
Fiscal Year Ended 9/30	Actual Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2011	2010	2,177,631	2,138,363	98.2%	32,240	2,170,603	99.7%
2012	2011	2,183,418	2,155,888	98.7%	20,582	2,176,470	99.7%
2013	2012	2,162,748	2,119,438	98.0%	37,007	2,156,445	99.7%
2014	2013	2,250,917	2,231,421	99.1%	10,154	2,241,575	99.6%
2015	2014	2,316,163	2,272,895	98.1%	37,820	2,310,715	99.8%
2016	2015	2,380,796	2,354,223	98.9%	21,416	2,375,639	99.8%
2017	2016	2,875,298	2,836,300	98.6%	33,928	2,870,228	99.8%
2018	2017	3,008,103	2,970,529	98.8%	29,457	2,999,987	99.7%
2019	2018	3,158,251	3,116,025	98.7%	23,736	3,139,761	99.4%
2020	2019	3,630,618	3,580,932	98.6%	-	3,580,932	98.6%

Source: Tarrant County Tax Assessor Collector.

Tax Lien and Assessment Date:	January 1 each year
Taxes due:	October 1 of the same year
Taxes delinquent:	February 1 of the following year

CITY OF RICHLAND HILLS, TEXAS **TABLE 10**
SALES TAX COLLECTIONS BY FUND
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended 9/30	General	(TIF) Tax Increment Financing	Crime Control District	Road and Street *	Richland Hills Development Corporation	Total Sales Tax Collections
2011	1,886,852	17,924	675,913	-	237,889	2,818,578
2012	2,045,187	8,295	767,848	-	256,509	3,077,839
2013	1,822,994	7,002	684,911	-	228,562	2,743,469
2014	1,987,280	35,470	754,203	-	252,648	3,029,601
2015	2,583,922	101,400	1,003,104	-	335,389	4,023,815
2016	2,873,295	107,428	1,118,369	-	372,315	4,471,407
2017	2,980,714	178,474	1,186,765	-	389,806	4,735,759
2018	3,267,337	104,325	1,293,803	-	416,528	5,081,993
2019	3,303,034	49,252	1,248,819	625,562	624,931	5,851,598
2020	3,367,227	80,580	1,302,122	1,292,928	861,952	6,904,809



* Sales tax was voted to be collected effective April 2019.
Source: City records.

CITY OF RICHLAND HILLS, TEXAS
RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

	GOVERNMENTAL ACTIVITIES					
Fiscal Year	**General Obligaton Bonds**	**Premiums**	**Certificates of Obligation (1)**	**Public Property Finance Contractual Obligations**	**Tax Notes**	**Capital Leases**
2011	-	-	580,000	425,000	77,000	-
2012	-	-	475,000	787,000	-	-
2013	-	-	365,000	1,004,000	-	47,420
2014	-	-	250,000	801,000	-	39,016
2015	-	-	130,000	591,000	-	30,104
2016	8,770,000	623,510	4,705,000	375,000	-	20,653
2017	8,770,000	565,372	4,585,000	297,000	-	196,303
2018	8,863,250	523,579	4,410,000	42,000	-	141,193
2019	14,388,500	1,046,871	4,230,000	-	680,000	95,403
2020	14,077,250	950,156	4,050,000	-	590,000	702,332

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Includes certificate of obligation secured by combination property tax and revenue.
(2) Includes governmental activities and business-type activities debt.
(3) See Table 16 for population and personal income data.

TABLE 11

BUSINESS-TYPE ACTIVITIES							
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Premiums	Capital Leases	Total Primary Government (2)	Total Debt Per Capita (3)	Per Capita Debt as a Percent of Capita Income (3)
1,340,000	-	6,360,000	-	255,780	9,037,780	1,159	4.7%
-	-	7,055,000	-	209,026	8,526,026	1,093	4.4%
-	-	12,230,000	537,466	160,167	14,344,053	1,839	7.5%
-	-	11,500,000	505,314	109,110	13,204,440	1,693	6.9%
-	-	11,750,000	473,166	55,756	13,030,026	1,645	6.7%
-	-	10,895,000	441,021	270,722	26,100,906	3,296	13.4%
-	-	10,000,000	408,871	206,981	25,029,527	3,160	12.8%
-	1,151,750	7,935,000	376,723	140,683	23,584,178	2,978	10.3%
-	1,011,500	7,405,000	344,573	71,725	29,273,572	3,696	12.3%
-	862,750	6,850,000	312,423	-	28,394,911	3,585	11.3%

CITY OF RICHLAND HILLS, TEXAS **TABLE 12**
RATIOS OF GENERAL BONDED DEBT
PER ASSESSED VALUE AND PER CAPITA
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Actual Taxable Value (1)	Net Bonded Debt Per Capita (2)
2011	502,000	92,309	409,691	0.09%	53
2012	787,000	123,525	663,475	0.17%	85
2013	1,004,000	125,011	878,989	0.21%	113
2014	801,000	144,394	656,606	0.15%	84
2015	591,000	185,035	405,965	0.09%	51
2016	9,145,000	164,196	8,980,804	1.96%	1,134
2017	9,067,000	237,811	8,829,189	1.75%	1,115
2018	10,057,000	310,514	9,746,486	1.72%	1,231
2019	16,080,000	363,334	15,716,666	2.55%	1,984
2020	15,530,000	385,295	15,144,705	2.19%	1,912

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Table 6 for taxable value data.
(2) See Table 16 for population and personal income data.

CITY OF RICHLAND HILLS, TEXAS **TABLE 13**
GENERAL BONDED DEBT AS A RATIO OF
ANNUAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Principal	Interest and fees	Total Debt Service	Total Governmental Expenditures (1)	Ratio of Debt Service to Governmental Expenditures
2010	251,000	71,249	322,249	7,556,434	4.3%
2011	331,000	60,958	391,958	7,911,964	5.0%
2012	293,000	73,191	366,191	7,786,839	4.7%
2013	238,000	52,190	290,190	10,076,260	2.9%
2014	203,000	29,730	232,730	9,312,525	2.5%
2015	210,000	29,730	239,730	8,716,183	2.8%
2016	346,000	22,978	368,978	13,168,230	2.8%
2017	198,000	664,965	862,965	21,367,070	4.0%
2018	350,500	464,388	814,888	10,906,017	7.5%
2019	356,750	460,171	816,921	11,516,899	7.1%
2020	581,250	638,550	1,219,800	12,478,738	9.8%

Notes: (1) Includes general, special revenue, debt service and capital project funds.

CITY OF RICHLAND HILLS, TEXAS **TABLE 14**
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2020
(Unaudited)

Governmental Unit	Tax Supported Debt Outstanding	Estimated Percent Applicable*	Estimated Share of Direct and Overlapping Debt
City of Richland Hills	$ 20,440,774	100%	$ 20,440,774
Total direct debt			$ 20,440,774
Tarrant County (1)	240,445,000	0.33%	$ 793,469
Tarrant County Hospital District(1)	16,135,000	0.33%	53,246
Tarrant County Junior College District(3)	-		-
Birdville Independent School District(2)	440,974,599	5.39%	23,768,531
Total overlapping debt			$ 24,615,245
Total direct and overlapping debt			$ 45,056,019
Total Direct and Overlapping Debt per Capita:			$ 5,689

Source: (1) Tarrant Appraisal District for fiscal year ended September 30, 2020.
(2) Per Birdville ISD CAFR for fiscal year end June 30, 2020.
(3) There is no bonded debt outstanding for Tarrant County College District, as all bonds payable were paid off in February 2015.

*Estimated percentage is based on formula using assessed net taxable property values located within the Richland Hills City limits.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Richland Hills. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borned by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF RICHLAND HILLS, TEXAS **TABLE 15**
Computation of Legal Debt Margin
September 30, 2020
(Unaudited)

Article XI, Section 5 of the State of Texas Constitution state in part:

"… no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property for such city."

As a home rule city, the City of Richland Hills is not limited by the law in the amount of debt it may issue. The City's charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The tax rate for fiscal year 2020 was established at $.558551 per $100 of assessed valuation based on 100% appraised value.

CITY OF RICHLAND HILLS, TEXAS **TABLE 16**
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Population	Median Household Income	Per Capita Income	Public School Enrollment	Unemployment Rate
2011	7,801	46,918	22,682	1,441	7.8%
2012	7,801	50,788	22,682	1,441	6.0%
2013	7,801	50,788	22,682	1,441	6.0%
2014	7,801	50,788	22,682	1,765	6.0%
2015	7,920	50,788	22,682	1,765	6.0%
2016	7,920	50,126	24,612	1,765	4.2%
2017	7,920	50,126	24,612	1,765	3.5%
2018	7,920	59,206	29,023	1,765	3.4%
2019	7,920	61,105	29,953	1,765	3.1%
2020	7,920	64,802	31,766	1,765	7.5%

Sources: U.S. Census Bureau
North Central Texas Council of Governments
Texas Workforce Commission
Birdville ISD

CITY OF RICHLAND HILLS, TEXAS **TABLE 17**
PRINCIPAL EMPLOYERS
Current and Nine Years Ago
(Unaudited)

		2020			2011		
Employer	**Industry**	**Number of Employees**	**Rank**	**% of Total Employment**	**Number of Employees**	**Rank**	**% of Total Employment**
Birdville ISD (3 schools)	Independent School District	188	1	8%	178	1	9%
Buyers Barricade	Equipment Rentals	135	2	5%	-	-	
Smith Lawn and Tree	Landscape and Horticulture	110	3	4%	-	-	
Trugreen Chemlawn	Landscape and Horticulture	100	4	4%	60	8	3%
City of Richland Hills	Municipality	94	5	4%	84	5	4%
Hamilton Form Company	Industrial Machinery/Equipment	90	6	4%	-	-	
Richland Hills Nursing Home	Nursing and Personal Care	78	7	3%	73	6	4%
Accurate Metal Stamping	Metal Fabrication	70	8	3%	-	-	
Valley Dynamo	Table Top Games	70	8	3%	-	-	
Lexington Place	Nursing and Personal Care	69	9	3%	104	3	5%
WalMart Neighborhood Market	Grocery Store	68	10	3%	-	-	
Harris Packaging	Corrugated Boxes	-	-		135	2	7%
Nuclear Logistics	Chemical Engineering Services	-	-		100	4	5%
Alterra Healthcare Corporation	Nursing and Personal Care	-	-		60	9	3%
Atlantic Air	Conditioning Equipment	-	-		55	10	3%
Royal Bath	Plumbing Equipment/Manufacturing	-	-		72	7	4%
Total		1,072		43%	921		46%

Sources: City records and North Central Texas Council of Governments.
Estimated employees FY 2020 - 2,500 / Estimated employees - 2,000

CITY OF RICHLAND HILLS, TEXAS **TABLE 18**
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	FISCAL YEAR									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Police										
Physical arrests	542	327	354	416	404	347	438	557	208	515
Number of law violations	3,693	1,090	1,279	1,346	976	798	1,266	2,783	4,820	3,082
Fire										
Number of fire runs	480	477	1,375	566	554	740	647	663	663	499
Number of EMS runs	889	898	909	920	902	990	1020	1047	1047	1022
Public Works - Streets										
Streets resurfacing (miles)	23.0	0.3	1.0	0.8	1.5	-	1	1	3	1
Potholes repaired	184	517	207	369	168	247	211	356	381	437
Public Works - Water/Wastewater										
New Connections	21	1	2	9	13	1	2	1	4	2
Water main breaks	18	30	9	31	30	19	26	11	13	20
Average daily consumption (thousands of gallons)	955	879	882	654	789	686	877	937	940	978
Peak daily consumption (thousands of gallons)	1,670	1,761	1,517	1,048	1,494	1,125	1,415	1,885	1,870	1,901
Average daily sewer treatment (thousands of gallons)	688	697	468	407	793	546	457	537	540	553
Library										
Volumes collection	41,310	36,346	40,276	37,117	41,701	36,598	37,881	38,123	28,500	27,728
Total volumes borrowed	39,208	34,678	52,218	55,635	37,805	41,980	52,304	59,686	17,820	31,277
Recreation center (1)										
Link Memberships	-	-	-	-	-	-	402	635	615	756
Fitness Only Memberhips	-	-	-	-	-	-	30	39	34	15
Rentals	-	-	-	-	-	-	17	359	393	280

Note: The City's recreation center, the LINK, opened in April 2017.

Source: Various City departments

CITY OF RICHLAND HILLS, TEXAS **TABLE 19**
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	11	11	11	11	11	8	8	9	9	9
(1) Un-Marked Units	-	-	-	-	-	-	-	9	9	9
(1) Un-Marked Volunteer Unit	-	-	-	-	-	-	-	1	1	1
(1) Speed Trailer	-	-	-	-	-	-	-	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
Ambulances	1	1	1	1	1	1	1	1	1	1
Public Works - Streets										
Streets (miles)	43.51	43.51	43.51	43.51	43.51	43.51	43.51	43.51	43.51	43.51
Street lights	462	462	462	462	462	462	462	462	462	462
Traffic signals	9	9	9	9	9	9	9	9	9	9
Public Works - Water/Wastewater										
Water mains (miles)	47	47	47	47	47	47	47	47	47	47
Fire hydrants	350	350	350	350	350	355	355	355	355	355
Storage capacity (thousands of gallons)	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360
Sanitary sewer (miles)	60	60	60	60	60	60	60	60	60	60
Storm sewer (miles)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3
Culture and recreation										
Parks	4	4	4	4	4	4	4	5	5	5
Parks acreage	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.6	12.6	12.6
Recreation center	1	1	1	1	1	1	1	1	1	1
Playgrounds	3	3	3	3	3	3	4	4	4	4
Recreation center	-	-	-	-	-	-	1	1	1	1

Note: (1) Information available starting in Fiscal Year 2018.
Source: Various City departmental records.

CITY OF RICHLAND HILLS, TEXAS **TABLE 20**
FULL-TIME EQUIVALENT (FTE) CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	FISCAL YEAR									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Function/Program										
General government										
Administration	6	6	7	8	8	8	8	8	8	8
City Secretary	1	1	1	1	1	1	1	1	1	1
Economic development	1	1	-	-	-	-	-	-	-	-
Facilities maintenance	-	-	-	-	-	-	-	2	2	2
Public safety										
Police	30	30	24	25	26	23	22	26	29	29
Fire	16	16	16	17	17	17	17	17	17	17
Municipal court	2	2	2	2	2	2	2	2	2	2
Animal services	2	2	2	2	2	2	2	2	2	2
Public Works - Streets	2	2	2	2	2	2	2	2	2	2
Culture and recreation										
Library	7	7	7	7	7	7	7	7	7	7
Parks & Recreation	1	1	1	1	1	1	25	27	33	34
Community development	3	3	3	3	4	4	4	4	4	4
Water and wastewater	10	10	10	10	10	9	9	9	9	9
Drainage utility	3	3	3	3	3	2	2	2	2	2
Total employees	84	84	78	81	83	78	101	109	118	119
Total hours worked	183,645	181,747	173,696	177,204	181,822	188,203	191,910	208,167	182,240	197,377
Total FTE employees (1)	88.3	87.4	83.5	85.2	87.4	90.5	92.3	100.1	87.6	94.9

Note: (1) 1 FTE = 2080 hrs worked in one year.
Source: City records.

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
City of Richland Hills, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richland Hills, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

George, Morgan & Sneed, P.C.
1849 Wall Street | Weatherford, TX 76086 | *Phone* 817.594.2704 | *Fax* 817.599.7389
www.gms-cpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Richland Hills' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

George, Morgan & Sneed, P.C.
Weatherford, Texas
February 13, 2021